The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF

The Society of Incorporated Accountants and Auditors

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Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

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Professional Notes.

WE publish this month the report of the Departmental Committee appointed by the Board of Trade on the subject of the Registration of Accountants in Great Britain. The conclusion of the Committee is that on the evidence before them it is not desirable to restrict the practice of the Profession of Accountancy to persons whose names would be inscribed in a register established by law. The matter is fully dealt with by us in a leading article.

Members are reminded of the forthcoming Conference of Incorporated Accountants to be held at Sheffield, the full programme of which appeared in our last issue. Those attending the Conference will assemble at the Royal Victoria Hotel on the evening of Wednesday, September 24th, when there will be a Reception and Dance at the invitation of the local District Society. The business part of the proceedings will commence on Thursday, September 25th, with an official welcome at the Town Hall by the Lord Mayor of Sheffield, after which the President of the Society, Mr. Henry Morgan, will deliver his Presidential Address. On Friday morning, at the Firth Hall, Sheffield University, a paper on "The Service of Accountancy in the Present Age" will be read by Mr. C. Hewetson Nelson, J.P., F.S.A.A., Liverpool, and in the evening the Dinner of the Society will be held at the Royal Victoria Hotel. The intervals between these events will be occupied by visits to various places of interest, and Saturday, September 27th, will be devoted to a motor tour of the Peak District of Derbyshire.

For some time past the need for a London District Society of Incorporated Accountants has been apparent. A provisional Committee was formed a short time ago, and preliminary arrangements have been made for holding the first General Meeting of Incorporated Accountants in London and District on October 21st. The proposed title of the new organisation is "The Incorporated Accountants' London District Society."

The provisional Committee has conferred with the Committee of the Incorporated Accountants' Students' Society of London, and a basis of agreement has been reached whereby the two Societies will be able to co-operate. The Students' Society has agreed to leave a vacant date in its lecture Syllabus in each Session, on which the proposed London District Society may invite a lecturer to address its members. In addition it is hoped to hold one or two mid-day luncheons a year, and possibly one annual dinner.

Before the date of the first General Meeting further details will be sent to Incorporated Accountants in London and in the area

which it is proposed the new Society should cover, namely, Huntingdonshire, Cambridgeshire, Bedfordshire, Buckinghamshire, Oxfordshire, Berkshire, Hertfordshire, Middlesex, Essex, Kent, Sussex, Surrey, and part of Hampshire.

Our Obituary column contains an announcement of the death of Mr. W. R. B. Briscoe, C.B.E., Barrister-at-Law of the Inner Temple, the first Examiner appointed by the Council of the Society from outside its own membership. More than 30 years have passed away since Mr. Briscoe resigned his appointment in order to practise his profession abroad. After a successful career, during which he upheld the honour of his country and the traditions of the Bar, he has died in retirement in his 76th year deeply regretted by all his friends as a man of high character and of singular charm of manner. His early association with the Society of Incorporated Accountants and Auditors remained fresh in his recollection to the end, and he was always interested in the professional doings of the members of the Society.

We publish this month the sections of the Finance Act, 1930, which relate to Income Tax, Sur Tax, and Stamp Duties. The provisions of the Act are, in many instances, very complicated, in particular those which are designed to check (1) the avoidance of Sur Tax by means of single premium life assurance policies and (2) the avoidance of Estate Duty by the formation of private limited companies. The single premium policies are dealt with in sect. 13, which provides that no deduction shall be allowed for interest on borrowed money which has been applied directly or indirectly to the payment of a premium under an assurance contract. To this, however, there are many exceptions where the rate of interest on the borrowed money does not exceed 10 per cent. Some of the exceptions apply to assurances effected before April 15th, 1930, and some to money borrowed before April 6th, 1929, while others have reference to the ratio of the annual premium to the capital sum payable at death.

Section 34, which deals with the avoidance of Estate Duty by the formation of companies, is qualified by a whole host of exceptions and provisos, and will, we anticipate, be exceedingly difficult to apply in practice. The section relates back to companies which have been formed since July 31st, 1918, but affects only the estates of persons dying after the commencement of the Act. An important proviso is that property which is deemed to pass under this section is to be regarded as an estate by itself and not to be aggregated with any other property. This will materially affect the rate of Estate Duty not only on the assets transferred to the company, but also on the rest of the estate.

Another matter relating to Estate Duty is dealt with in sect. 37, which provides that where shares in a company, other than preference shares, pass on the death of any person and the control of the company was in the hands of the deceased, the value of the shares for the purpose of Estate Duty is to be ascertained by reference to the value of the total assets of the company after deducting the liabilities. The assets are to include the goodwill, and their value is to be assessed by taking the business as a going concern. Control is deemed to be in the hands of a person if he has control of more than half the voting power, or has the control of the Board of Directors, or has the right to receive or dispose of more than half the income of the company. There is an important proviso, viz, that the section is not to apply to shares which, within twelve months of the death of the deceased, have been the subject of dealings on a recognised Stock Exchange in the United Kingdom or been quoted in the official list of such Stock Exchange.

We think it will be found that cases will frequently arise where valuation of the assets as a going concern will place an excessive value upon the shares, because the personality of the controlling head is often an important factor in such a business, and consequently the company will not possess the same earning power after his death, with the result that the value of the assets as a going concern will be less. Moreover, a great deal will depend upon the value to be placed on the goodwill, which will no doubt be assessed on the basis of past profits.

The first £250 of taxable income is now to be assessed at the rate of 2s. only, and in consequence an alteration has been made with regard to the allowance for life assurance premiums, so that in place of one-half, as formerly, the allowance will now be four-ninths, or 2s. in the £, where the taxable income does not exceed £250. Where the taxable income exceeds £250, the half-rate allowance formerly given is to be restricted to four-ninths

(or 2s. in the £) "in respect of the amount by which the premiums exceed the amount by which the taxable income exceeds £250." To fit this amendment into the section to which it relates and say precisely what its effect will be is by no means an easy matter, but we are disposed to think that its operation will not be very serious.

The position with regard to tax deducted from interest on securities and from Preference dividends paid within one month of the Budget resolution fixing the amount of the Income Tax for the year, are contained in sect. 12, which in effect provides that, where an over-deduction has arisen through the standard rate of Income Tax being reduced, such over-deduction may be made good by a reduction of the amount of tax deducted from the next payment, and must be made good within twelve months from the passing of the Act which imposes the new rate of tax. The adjustment is to enure to the benefit of the person entitled to the payment on the occasion when the over-deduction is made good. This means that where a transfer has taken place in the meantime, the person who suffered the over-deduction will not be the person who will receive the recoupment.

Section 15 contains amendments in relation to the basis of assessment of profits in the two years next after the year in which a trade, profession or vocation was commenced, and a most unusual course has been adopted by the allowance of a right to the taxpayer to revoke the notice given under the section, within twelve months after the end of the third year.

A useful amendment has been introduced into the Rule which applies where there has been a change in a partnership. Sect. 16 substitutes twelve months for the previous period of three months after the change took place, as the time within which notice may be given to claim assessment as if a new business had been set up.

The power taken by sect. 23 for the Special Commissioners to require certified copies of the whole or any specified class of entries in the registers of securities of corporate bodies is considerably qualified in its effect by sub-sect. 5, which defines the expression "entry" in any register to mean so much thereof as relates to the securities held by any one person; but the word "security" is to have a wide meaning, as it will include shares, stock, debentures, and debenture stock.

We publish this month the final report of the Special Sub-Committee of the Stock Exchange on "New Issues and Official Quotations." A short time ago an interim report was presented by the Sub-Committee dealing with Allotment Letters, Letters of Renunciation, Transfer Receipts and Certified Transfers. This report (which forms Appendix No. 2 of the final report) was published by us in our July issue, and is therefore not reproduced again now. It should be noted that some of the provisions of the interim report are not now recommended.

Although the special Sub-Committee's final report has been adopted by the Committee for General Purposes, we understand that some amendments of a minor character may still be introduced by the full Committee of the Stock Exchange before incorporation in their official documents. The statement in sect. IIA that the Committee will revise the requirements contained in Appendix 34B relating to the subject of advertisements has, we understand, reference only to their own official documents, and the appendix as now published contains all the revisions which are at present contemplated.

Professional accountants will be particularly interested in the portion of the report which relates to the audit of allotments and transfers and the arrangements with regard to certified transfers. In this connection it will be observed that the Committee places great importance on the value of these audits by members of the accountancy profession. The Committee at the same time expresses the view that the auditors' annual certificate on a company's accounts should state that the share register has been checked and that the number of shares issued has been agreed with that shown on the balance sheet.

Where an executor of a deceased person is also a legatee, is it necessary for him to execute a transfer from himself as executor to himself personally in order to have placed in his own name debentures in a company which he has arranged to take in satisfaction of his legacy? This was the point that came before Mr. Justice Luxmoore in the case of *Edwards* v. *Ransomes and Rapier, Limited*. In his Lordship's view such a transfer was an idle formality. The company was bound to register the executor as owner on a requisition to that effect and

production of probate. He was the legal owner of the debentures and was entitled to be registered as such.

Under sect. 230 of the Companies Act, 1929, there are now two forms of voluntary liquidation, viz, a members' winding-up and a creditors' winding-up. If a majority of the directors wish to have a members' winding-up they are required to make a statutory declaration to the effect that after making a full inquiry into the affairs of the company they are of opinion that the company will be able to pay its debts in full within a period of twelve months. In a case which came before Mr. Justice Bennett last month a declaration of this character had been made, but in doing so the directors had either overlooked or ignored a liability of £4,000. The creditor for this amount subsequently obtained judgment against the company and presented a petition for compulsory winding-up.

In making the winding-up order his Lordship said that directors who make statutory declarations of solvency ought to exercise the greatest possible care. A voluntary liquidation based on such a declaration as that given in the case under review should not be allowed to continue, and he declined to allow the voluntary liquidation to stand in the way of a compulsory order. It has been obvious from the first that difficulties were likely to arise in connection with this section of the Act, as there is no provision as to what shall happen if the opinion of the directors, embodied in their statutory declaration, proves to be incorrect, and it seems rather hard that it should be necessary to apply for a compulsory order instead of having a creditors' voluntary winding-up, which would presumably have been the case if the declaration had not been made. The case related to the Shropshire Syndicate, Limited.

With reference to the decision of the Appellate Division of the New York Supreme Court on the subject of the liability of accountants to third parties, which we published in our last issue, the American Institute of Accountants as *amicus curiæ* has filed a lengthy brief pending the hearing of the appeal which has been made to the highest American Court. This brief, from which we publish an extract in another column, submits detailed arguments showing reasons why an accountant should not be liable to one who is unknown to him. The main argument in the brief is contained in the following paragraph :—

"It is difficult to imagine any circumstances which would place upon the professional man who furnishes a certificate a duty to *all* persons into whose hands the certificate may find its way. Such a theory would in effect make the certificate a quasi negotiable instrument passing from hand to hand and entitling the bearer to damages against the professional man. If such a rule should be adopted it would be impossible for the professional man to determine what his fee should be for making the certificate, since he would have no means of determining the possible extent of his responsibility. An accountant must always determine how thorough his verification of accounts is to be. There is always an element of discretion in his work. If his certificate is merely for the security of the person who employs him, the accountant may be justified in accepting information from such person which he should not pass without further verification if he is informed that a third party is to act on the certificate. There is always a point at which the degree of verification should stop in order to prevent the cost of an audit from being out of all proportion to reason."

The Australian Sales Tax Act, which came into operation on August 1st last, imposes a tax of 2½ per cent. on sales of all imported goods sold for consumption in Australia and all goods produced or manufactured there other than those which are specified as exempt. Exemption applies to sales of goods for export and to coal, hay and straw, and the main articles of the ordinary food of the people. The revenue from this tax which the Prime Minister, Mr. Scullin, has described as "an ugly medicine, but one which they must swallow," is estimated to produce £5,000,000 this year. The tax appears to be meeting with a great deal of criticism.

In connection with the memorandum which was prepared recently by the Parliamentary and Commercial Law Committee of the London Chamber of Commerce on the subject of the cost of litigation, the Lord Chancellor has consented to receive a deputation from the Chamber after the Long Vacation. The memorandum has created a good deal of interest, not only in this country but also abroad.

*** On page xxii of our advertisement sheets particulars will be found of two important appointments in the Finance Department of the Sudan Civil Service at Khartoum.

REGISTRATION OF ACCOUNTANTS IN GREAT BRITAIN REJECTED.

THE Report of the Departmental Committee appointed by the Board of Trade, which was presented to Parliament just before the close of the Session, definitely states that "on the evidence before us we are unanimously of opinion that it is not desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a Register established by law." This verdict, given by a Departmental Committee, the setting up of which was asked for by the Society of Incorporated Accountants and Auditors, as well as by the Chartered Accountants of England and Wales and Scotland, must be accepted as a settlement of the question which has agitated the profession in Great Britain for the past forty years. As the Committee points out, the subject has more recently come into prominence by the recommendation of the Select Committee of the House of Commons on Local Legislation, that the profession of accountancy and auditing should be placed on a unified basis similar to that of other learned professions by the incorporation of a representative body having control over the whole profession, and keeping a Register in which should be inscribed the names of all fully qualified members of the profession.

The witnesses who tendered evidence before the Committee included representatives of the Chartered and Incorporated Accountants. The Chartered Accountants gave evidence against the establishment of a Register, while the Incorporated Accountants, adhering to their old policy, expressed themselves in favour of statutory registration. There was a considerable amount of interesting evidence submitted on behalf of mercantile and other associations and Government Departments, but the Committee says that none of the witnesses has been able to show that the section of the public which has need of accountancy services has expressed any desire for a change in the existing state of affairs. The Committee would also appear to be justified in drawing attention to the fact that the question of the qualification of auditors of the accounts of public companies was considered only four years ago by the Company Law Amendment Committee, who did not recommend that any qualification of auditors should be included in the Companies Act.

In reviewing the position of accountants at the present time the Committee points out that there are in existence at least seventeen societies of accountants with a membership of 26,500. Seven of these societies with a present membership of nearly 20,000 were formed before 1892; three with a membership of 3,800 were formed between 1903 and 1905; and seven with a membership of 2,800 have been formed since the War. The Committee goes on to say that there are a number of reasons for this increase. Among them is the provision introduced in the Revenue Act of 1903 and repeated in the Income Tax Act of 1918, which gives certain privileges to accountants and defines as an accountant "a person who has been admitted a member of an incorporated society of accountants." Discussing this definition, the Committee say it is not of much value to the Income Tax Authorities, "because anyone may form an incorporated society of accountants." Although this is true provided the persons forming the society can adopt a title which will pass the Registrar of Joint Stock Companies, they have to proceed warily so as not to infringe in any way the designation of Incorporated Accountant, which was held by the High Court of Justice 23 years ago to be the exclusive description of members of the Society of Incorporated Accountants and Auditors. Under all the circumstances, is there any real value attached to the definition introduced in the Revenue Act of 1903 which, according to the report of the Committee, has been the main cause of the multiplication of accountants' societies? The Committee would appear to answer this question in the negative because it says:—"The Board of Inland Revenue are not aware that the question of the revision of the definition has ever become an acute question with the General Commissioners of Income Tax, who are principally concerned with its operation. One reason for this may be that the Commissioners are always very reluctant to refuse access to a representative of the taxpayer. It is difficult not to accept the agent whom a taxpayer chooses to employ, and it is imagined that Parliament might take the view that the small taxpayer must not be forced to spend more money on an accountant than he can afford." In plain language, this indicates that the General Commissioners will hear any agent the taxpayer chooses to appoint.

The Committee asserts that one of the practical difficulties in the way of establishing a Register accompanied by restriction of practice is to define accountancy. A number of definitions have been placed before the Committee, none of which satisfactorily covers the whole field. Leading members of the profession assert that they are unable to draw up a definition which would include all the various functions of an

accountant, without embracing work which is equally within the scope of other professions. Accountancy ranges over the whole field of business affairs, and the functions of an accountant extend from what is little more than book-keeping to advising on financial re-construction schemes and the flotation, reconstruction or liquidation of large industrial and other undertakings. Solicitors and bankers as well as accountants undertake the preparation of trust accounts and Income Tax returns. Officials of companies and laymen as well as accountants act as liquidators in the voluntary winding-up of companies or as trustees in bankruptcy, and certain well known public companies appoint as auditors laymen who are stockholders. "Is the clerk," asks the Committee, "who assists the trader with his accounts in his spare time, or the estate agent who accepts responsibility for estate accounts, or the Income Tax expert, to be regarded as practising accountancy?"

We do not think that the Committee is on safe ground when it alleges that "If the practice of the profession of accountancy is restricted to those who comply with a high standard, considerable hardship will ensue in more than one direction." The Committee gives as an example a candidate for the profession who proposes to practise only in the minor branches. He would be required, the Committee says, to pass tests and give proof of experience in many subjects which would not be required for his practice, and he would be involved in unnecessary expense in securing the requisite knowledge and experience, while the client who has need of the services of an accountant for work in some of the smaller branches of accountancy only, would be compelled to employ a fully qualified member of the profession for a task which could quite well be accomplished by a man with an elementary knowledge of accountancy.

The main justification for the Committee's conclusions and recommendations lies in the absence of general public support to the proposal for compulsory registration. The witnesses for the Society of Incorporated Accountants and Auditors were unable to supply evidence to meet this deficiency, although they pointed out the difficulty of obtaining an expression of public opinion on a matter which could not be regarded as one of general public interest. Sir Walter Raine, the President of the Association of British Chambers of Commerce (who was the Chairman of the Local Legislation Committee of the House of Commons when the Stoke-on-Trent Corporation Bill was under consideration in 1928) also said in his evidence that he did not know of any general public demand for registration.

The attitude to be adopted by the members of the Society of Incorporated Accountants and Auditors towards the Report of the Committee ought not to be in doubt. The conclusions of the Committee in the main should be cheerfully accepted. Assuming for one moment that the Committee had reported in favour of a restriction of practice to persons whose names would be inscribed in a Register established by law, a Bill for presentation to Parliament would have followed when the Government was able to find time to give the matter attention. The passage of such a Bill through Parliament would undoubtedly have attracted the activities of the whole seventeen societies of accountants and of many others whose support or opposition was indicated before the Committee. It is safe to say that the Bill, if ever it passed into law, would have emerged in such a condition as to be of little, if any, value, because it would not have supplied a remedy for the ills from which the profession is suffering. Incorporated Accountants, encouraged by the achievements of the past, must continue to place reliance upon their own organisation aided by the determination of individual members to uphold a high standard of professional conduct and skill.

CONDITION OR WARRANTY?

THE question whether a description of or a provision relating to goods which comprise the subject matter of a contract of sale amounts to a condition or a warranty is a vital one. It is constantly being raised in the Courts, and, according to Lord Justice Scrutton in the recent case *Montague L. Meyer, Limited*, v. *Kivisto* (1929), is likely to continue to be raised for centuries yet to come. The answer is frequently difficult to propound, since the intention of the contracting parties is usually the determining factor, and that intention is not always formulated in the terms of the contract, or is vaguely or indefinitely expressed.

In the case cited, the Court of Appeal (Lords Justices Scrutton and Greer) upheld the decision of Mr. Justice Roche in the Court below; the latter had, however, arrived at his view that the provision in the contract in question was a mere warranty and not tantamount to a condition only after considerable hesitation and doubt. The defendants, in Finland, had contracted to deliver to the plaintiffs, in London, a consignment of Finnish timber. The contract provided that

the goods were to be "properly seasoned for shipment to the United Kingdom," and that the "buyers shall not reject the goods herein specified but shall accept or pay for them . . . against shipping documents." The defendants used their best endeavours to secure that the goods should be properly seasoned, but failed owing to bad weather. The plaintiffs sought to have it declared that the proper seasoning of the goods was a condition, breach of which entitled them to repudiate the contract, and not a mere warranty, upon breach of which they were entitled to an allowance coupled with their obligation to take delivery.

A number of illuminating cases, some of which were cited in the course of the arguments, merit study. A most important case in this connection is *Bowes* v. *Shand* (1877), heard in the House of Lords. There, the contract was for the sale of 600 tons of rice "to be shipped at Madras for London during March and/or April." All except less than 1 per cent. of the rice was shipped between February 23rd and March 3rd; it was held, in consequence, that the buyers were entitled to repudiate the contract; they had specifically required the incorporation into the terms of the contract of a stipulation governing the time of shipment; it must be presumed that they had good reasons for so doing; it was not incumbent upon the Court to ascertain or even to suggest what those reasons were or might be; there might, in fact, be a number of sound reasons prompting their requirement in this behalf; *e.g.*, goods shipped at any other time might reach them too early or too late to fit in with their financial or warehousing commitments. Lord Blackburn stated the legal position thus succinctly: "If the description of the article tendered is different in any respect it is not the article bargained for, and the other party is not bound to take it." He quoted with approval the famous dictum of Lord Abinger that "if you contract to sell peas, you cannot oblige a party to take beans."

In *Bentsen* v. *Taylor* (1893) a ship described in a charterparty as "now sailed or about to sail" to the United Kingdom did not in fact set out until April 23rd, although the charterparty was dated March 29th. It was held that that description of the ship imported into the contract a condition, as contrasted with a warranty, and that it had been so broken as to entitle the charterer to repudiate the contract. One of the great tests to be applied, said Lord Justice Bowen, in the endeavour to ascertain whether a term is to be construed as a condition or warranty is to consider how far the accuracy of the statement made is calculated to or is liable to affect "the substance and foundation of the adventure which the contract is intended to carry out." In such a case as this, then, the date of the commencement of the voyage of the ship was clearly a vital matter to the charterer, since upon it depended not merely the probable date of its arrival at its destination, but also its chances of surviving the risks of the voyage which might be enhanced or lessened according to the season of sailing. The principles laid down in this case were expressly approved in *Hartley* v. *Hymans* (1920).

Another case where there was an express stipulation purporting to preclude the buyers from rejecting delivery (as in *Montague L. Meyer, Limited*, v. *Kivisto* above) was *Vigers Bros.* v. *Sanderson Bros.* (1901). There, it was pointed out that if the buyers were to be held to be restricted in their rights of rejection, such restriction could only operate if and when goods of the class specified in the contract had been tendered to them. To hold otherwise would clearly be absurd, for it would involve construing the contract to mean that the buyers undertook to accept any goods tendered, however widely they might differ from the sort of goods they desired to buy. In that case, the plaintiffs sold to the defendants sawn laths to be shipped to Hull, which were to be of "about the specification stated below." That specification referred to one parcel of laths of lengths varying from 2½ to 4½ feet (against which laths of 5 feet length were delivered, totalling 33 per cent. of the whole parcel), and to a second parcel of laths of lengths varying from 2 to 4½ feet, but not more than 3 per cent. of 2 feet. Against this, 60 per cent. of the shipment consisted of laths of the 2-ft. length. The Court held that the buyers were justified in rejecting these deliveries, which could not in any sense be regarded as a fulfilment of the contract, since laths 2 feet long were practically unsaleable, and laths 5 feet long were difficult to sell and more expensive to handle than those specified and contracted for.

Finally, reference may be directed to *Re North-Western Rubber Company, Limited, and Huttenbach and Co.* (1908), where Lord Justice Fletcher Moulton summarised the position in these lucid words: "The written contract must be interpreted according to law, and the law is that, unless he has agreed to the contrary, a buyer is not obliged to accept goods which do not answer the description in the contract."

An examination of the cases, it will be seen, impels towards the conclusion that the doubts of Mr. Justice Roche in *Montague L. Meyer, Limited*, v. *Kivisto* were well founded.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following additions to, and promotions in, the Membership of the Society have been completed since our last issue :—

ASSOCIATES TO FELLOWS.

ABBEY, THOMAS WILLIAM, Borough Treasurer and Accountant, Town Hall, Morley, Yorks.

HEATH, CHARLES (Allen, Heath & Co.), St. Paul's Station Chambers, Queen Victoria Street, London, E.C.4, Practising Accountant.

NIVEN, THOMAS ERIC (Thomas Smith & Sons), 135, Buchanan Street, Glasgow, Practising Accountant.

ASSOCIATES.

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DUFF, FRANCIS EDWARD, H.M. Inspector of Taxes, Inland Revenue Department, India Buildings, Water Street, Liverpool.

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Society of Incorporated Accountants and Auditors.

Examinations.

The next Incorporated Accountants' examinations will be held on November 3rd, 4th, 5th and 6th, 1930, in London, Manchester, Cardiff, Leeds, Glasgow, Dublin, Belfast, Cape Town, Johannesburg, and Durban.

The Preliminary examination on November 3rd and 4th, 1930.

The Intermediate examination on November 5th and 6th, 1930.

The Final examination on November 4th, 5th and 6th, 1930.

Applications to sit for the Examinations must be made before September 30th on the appropriate forms, which can be obtained together with all particulars from the Secretary of the Society of Incorporated Accountants at Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

Registration of Accountants.*

Report of the Departmental Committee appointed by the Board of Trade.

The Committee appointed by the President of the Board of Trade to consider and report whether it is desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law and, if so, to report on the method by which such register should be established and controlled, have submitted their Report.

The Committee held ten meetings, during eight of which they took evidence of organisations and individuals and certain Government Departments interested in the various aspects of the problem before them.

They received the evidence and examined the witnesses of the following societies of accountants:

Date of Incorporation.	Name.	Membership.
1854 (By Charter) (formed 1853)	Society of Accountants in Edinburgh	952
1855 (By Charter) (formed 1853)	Institute of Accountants and Actuaries in Glasgow	1,825
1867 (By Charter) (formed 1866)	Society of Accountants in Aberdeen	163
1880 (By Charter)	Institute of Chartered Accountants in England and Wales	9,047
1885	Society of Incorporated Accountants and Auditors	5,225
1891	Corporation of Accountants, Limited	1,927
1901 (formed 1885)	Institute of Municipal Treasurers and Accountants (Incorporated)	642
1903	Institution of Certified Public Accountants, Limited	175
1905	London Association of Accountants, Limited	2,900
1905	Central Association of Accountants, Limited	739
1919	Institute of Cost and Works Accountants, Limited (approx.)	796
1923	Institute of Poor Law Accountants, Limited	409
1923	British Association of Accountants and Auditors, Limited	333
1927 (formed 1925)	Society of Statisticians and Accountants, Limited (approx.)	300
1927	Professional Accountants' Alliance, Limited	158
1928 (formed 1927)	Faculty of Auditors, Limited (approx.)	200
1929 (formed 1928)	Institute of Company Accountants, Limited (approx.)	600

Written evidence was also tendered by nine practising accountants not members of any society of accountants.

In addition to the representatives of the accountancy profession, the following associations, societies, and Government Departments submitted evidence: Association of British Chambers of Commerce, Federation of British Industries, Incorporated Secretaries' Association, Limited, Incorporated Society of Auctioneers and Landed Property Agents, Joint Committee of Legal Societies in Scotland, Joint Parliamentary Committee of the Co-operative Congress, Law Society, National Chamber of Trade, Railway Companies Association, Society of Civil Servants, Board of Inland Revenue, Chief Registrar of Friendly Societies and Industrial Assurance Commissioner.

The British Bankers' Association, the British Insurance Association, and H.M. Treasury furnished the Committee with certain information bearing on the subject of the inquiry; while the Baltic Mercantile and Shipping Exchange, the Committee of Lloyd's, and the Committee of the Stock Exchange felt that they were not in a position to submit any evidence which would be of assistance.

Desirability of Compulsory Registration.

Part II of the Report contains a summary of evidence relating to the desirability of compulsory registration, as follows: Accountancy has been definitely established as a profession in Scotland for more than three-quarters of a century and in England for half a century, the Charters of the Society of Accountants in Edinburgh, the senior body in Scotland, and of the Institute of Chartered Accountants, the senior body in England and Wales, having been granted in 1854 and 1880 respectively. The importance of the work of the profession and its comprehensiveness have increased to an almost phenomenal extent since the profession was founded. Legislation has definitely increased the responsibilities of its members, and the more highly organised and complicated conditions of economic life have demanded increasingly the services of professional accountants in the spheres of commerce, industry and finance, while the development and diversity of industry, the growth of scientific accounting, the complexity of the Income Tax Acts, and the high rates of taxation have resulted in a large demand for professional assistance in the sphere of taxation. It is of vital importance to the public and to the business community that the highest possible standard of efficiency and integrity should be maintained in the profession of accountancy.

The proposal to establish a register of accountants is by no means a new one; a number of Bills dealing with the matter were introduced in Parliament between the years 1891 and 1911, but none of them became law. The subject has more recently been brought into prominence by the recommendation in the Report issued in May, 1929, by the Select Committee of the House of Commons on Local Legislation

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that the profession of accountancy and auditing should be placed on a unified basis similar to that of other learned professions by the incorporation of a representative body, having control over the whole profession, and keeping a register in which should be inscribed the names of all fully qualified members of the profession.

At the present time there are in existence at least seventeen societies of accountants, with a membership of 26,500. Seven of these societies, with a present membership of nearly 20,000, were formed before 1892; three, with a membership of 3,800, were formed between 1903 and 1905; and seven, with a membership of 2,800, have been formed since the War.

There are a number of reasons for the increase in the number of societies in recent years. Among them is the provision introduced in the Revenue Act of 1903, and repeated in the Income Tax Act of 1918 and other Acts, which gives certain privileges to accountants, and defines an accountant as a person who has been admitted a member of an incorporated society of accountants.

The conditions of membership of the societies vary considerably. In the case of the four Chartered Societies, candidates for membership must serve under articles (apprenticeship in Scotland) to a Chartered Accountant for five years (or three years in certain circumstances), and must pass the prescribed examinations. Under the rules of one of the Scottish Chartered Societies, no apprenticeship fee is payable, but an entrance fee of £52 10s. is charged by the society; under those of another, a uniform apprenticeship fee of £105 is required, and in addition there is a fee of £52 10s. in lieu of annual subscriptions, and a payment of £52 10s. to an endowment and annuity fund. The rules of the English Chartered Society leave the amount of the premium as a matter of arrangement with the employer; a capable clerk is frequently given articles of clerkship by his employer free of expense, but in other cases the amount of the premium varies with the class of office, and may be as much as 500 guineas in exceptional cases. The articled clerk or apprentice is usually paid a small salary.

As regards the societies which do not hold Charters, in one case the normal avenue of admission is by articled service with a member of the Society for five years (or three years in certain circumstances) and by passing the prescribed examinations; the questions of premium and salary are a matter for negotiation between the clerk and the prospective employer. Under the special bye-laws of this Society, however, candidates may qualify for admission if they have had nine years' service as clerk to a professional accountant in public practice or in certain other specified appointments, and also pass the examinations of the Society. It is unnecessary for us to indicate the conditions of admission to all the non-chartered bodies, and it will suffice to mention that they vary over a wide range and that candidates for membership of several of them are not required to pass an examination, but only to furnish proof of experience in the practice of the profession. For example, a candidate for membership of one of these societies must be able to show that he has been in practice for five years, or, with suitable experience, any other period, and that he has, in fact, been earning his living by the practice of the profession. Two references from members of the accountancy profession, or, failing this, from clients, one or other of which testifies to the training, experience and ability of the applicant, are required.

Of the members of the various societies, some 10,000 are in practice on their own account, and of this number 75 per cent. belong to three societies. The remaining 16,500 members include those engaged in other spheres, those holding appointments such as clerks to professional accountants in public practice, or as accountants in Government Departments, or in the offices of Local Authorities or other bodies, as well as those who have retired from practice.

There are also in practice a number, perhaps not very considerable but certainly appreciable, of accountants and auditors who are not members of any society. Many of them are, no doubt, competent members of the profession, as they include men who have served for a number of years in the offices of qualified accountants. Others, probably, are only competent to undertake work in the minor branches of accountancy; clerks in various occupations often undertake, in their spare time, the preparation of accounts for traders.

In addition, banks, insurance companies and solicitors often undertake for their customers and clients accountancy work such as the preparation of income tax returns and reclamation of overpaid duties, preparation of trust accounts, &c. Estate agents frequently carry out accountancy work which arises in connection with their professional activities, and moneylenders and debt collectors are known to describe themselves as accountants.

Any person, whatever his qualifications and character, can commence and continue in practice as an accountant without compliance with any standard of professional skill and subject to no disciplinary control. It is claimed that there are a number of people, particularly in the Provinces, who advertise and tout for work as accountants, but who are not worthy of any public confidence whatsoever, and that they are employed, often in regard to income tax matters.

The public, it is said, are confused as to who is qualified and who is not, and are bewildered by the number of societies and the diversity of their qualifications, standards and designatory letters. There is nothing to prevent the formation in the future of any number of societies, whose members may have the scantiest qualifications and may even be given diplomas and the right to use designatory letters in return for the payment of an annual subscription. The formation of societies does not, of course, in itself prove that harm is being done, and before they are condemned there must be some evidence that their existence has facilitated the activities of those members who have really committed frauds on their clients, or shown gross incapacity for doing the work

which the clients were led to believe they were capable of doing.

Practically all the existing societies of accountants have power to take disciplinary action against their members and to suspend, or even to expel, them if, for example, they are found guilty of unprofessional conduct, such as advertising or touting, or become bankrupt. The extent to which these powers are exercised seems to vary, and the offences most commonly dealt with are breaches of professional etiquette. The beneficial effect to the public of any disciplinary action taken by the societies is, however, seriously impaired, because members who have been expelled may continue to hold themselves out to the public and to practise as accountants provided they do not hold themselves out to be members of the society, and they may continue the practices for which they have been expelled.

STATUTORY ENACTMENTS RELATING TO AUDITORS.

Among the Bills containing clauses relating to the audit of accounts of Public Authorities which are considered from time to time by Parliament are those promoted by Municipal Corporations. For many years it has been the practice of Parliament to adopt for Corporation Bills a clause which empowers a Corporation to appoint auditors from among the members of the Institute of Chartered Accountants in England and Wales and the Society of Incorporated Accountants and Auditors. Between 1914 and 1929 the London Association of Accountants, Limited, and other societies petitioned several times against this form of clause with a view to the inclusion of their names in it, but failed to secure the desired amendment. In the latter year, the Local Legislation Committee of the House of Commons, after hearing the petition of the London Association, and the counter petition of the Chartered Institute and the Incorporated Society, made the recommendation which is referred to above. It has been argued that the establishment of a register of accountants would serve to remove existing barriers and prohibitions and eradicate those features of preference and privilege which led the Local Legislation Committee to make its recommendation. In the present year the London Association have again petitioned for the inclusion of their name in the audit clause of Corporation Bills, and in two cases their petition has been granted. As there are only some 350 Municipal Corporations in the country, and at least 10,000 accountants in public practice, and as the audit clause is optional, this matter is rather one of principle than of practical importance.

Attention has been drawn also to the restrictions in force regarding the appointment of Public Auditors. For the purposes of audits under the Friendly Societies Acts, the Industrial Assurance Acts, and the Industrial and Provident Societies Acts, Public Auditors are appointed to a panel by H.M. Treasury, on the recommendation of the Chief Registrar of Friendly Societies. The total number of appointments is about 1,150, and some 30 new appointments are made annually. Prior to 1920, appointments to the panel were not restricted to the members of any society of accountants, and even included a number of laymen. In 1920 it was laid down that in future only members of the Societies of Chartered Accountants and of the Society of Incorporated Accountants and Auditors should be eligible for appointment. Applications for recognition have been made continuously since 1920 by the various societies of accountants whose members are not eligible for appointment to the panel, and the Chief Registrar has found it difficult to arrive at a basis of comparison. Improvement in the standard of the societies will make it increasingly difficult to differentiate in the future.

If a register of accountants were established, this difficulty would be removed in course of time, but during the first period of registration, assuming that all persons now in practice as accountants were placed on the register, the Department would have to consider applications for inclusion on the panel more carefully and to go rather more thoroughly into the circumstances of the individuals who applied than they do at present. It would not follow, however, that even in the future every Registered Accountant would be appointed to the panel of Public Auditors, because the Department restricts the number of appointments and selects each year a limited number of persons from among the members of the recognised bodies. The selection is made principally on a geographical basis, and the retention of the right of appointment enables the Department to lay down a schedule of fees and to stipulate that auditors on the panel must accept audits offered to them, which is very much to the advantage of the societies who employ Public Auditors.

The Joint Parliamentary Committee of the Co-operative Congress have taken exception to the decision of 1920 because it has had the effect of preventing many Co-operative employees specially trained for Co-operative audit work from applying for Public Auditorships. Arrangements have been made on the initiative of the Chief Registrar of Friendly Societies whereby such employees may become members of the Society of Incorporated Accountants and Auditors on passing the examinations of that Society, but these arrangements may be cancelled at any time, and the Joint Parliamentary Committee think that the accountancy profession should be looked upon as a national matter, and not one to be controlled by professional bodies.

It has been alleged that the registration of accountants is necessary to prevent the exploitation of the public by persons and companies who advertise and hold themselves out as Income Tax experts, and certain societies of accountants feel that their members should be relieved from the competition of ex-Inspectors of Taxes who advertise and offer their services to the public as accountants. Ex-Inspectors of Taxes obviously differ in the length of their experience and, therefore, in their qualifications, but there is no reason why they should not be very expert in Income Tax matters.

Although it is not compulsory for a taxpayer to produce accounts in support of his Income Tax returns unless called upon to do so by the precept of the General or Special Commissioners in connection with an appeal against an assessment, a variety of reasons have combined to cause taxpayers carrying on businesses of any magnitude to send accounts regularly to the Inspectors of Taxes. In addition to the great majority of the larger traders, a considerable number of other taxpayers submit to the Inland Revenue Authorities accounts which are certified by qualified accountants. The number of accounts rendered annually has grown rapidly and continuously, and now exceeds 500,000. The accountants not only furnish the accounts to the Inspector of Taxes, but answer his inquiries, discuss any doubtful or disputed points with him, agree liabilities on behalf of their clients, and, if necessary, represent their clients before the Commissioners. It will be evident that where reliable accountants are employed, the Inspector's task, and indirectly that of the General or Special Commissioners, is greatly facilitated. In some cases taxpayers employ persons of doubtful competence to make up their accounts. This fairly frequently happens in the case of the small trader who does not want to pay large fees and, therefore, may employ anybody who calls himself an accountant. The qualifications of such persons differ widely, and, in the absence of a recognisable qualification, the Inspector's inquiries are bound to be more searching than when he is dealing with an accountant whose credentials are unquestionable.

The Board of Inland Revenue do not think that the taxpayer suffers from the incompetence of accountants. He may sometimes suffer as a result of not keeping accounts himself, because often both the Commissioners and the Inspector have to estimate his profits. The Department is not able to say that the small trader is suffering at the present time from the unqualified accountant; they think that he suffers from the incompleteness of his own books rather than the incompetence of his agents.

The utility of a register of accountants from the point of view of the Board of Inland Revenue would depend entirely on the character of the tests for admission to the register. The admission without test of large numbers of accountants in practice at the time of the introduction of the register would, even if a satisfactory test were required for persons registering subsequently, render the register of little advantage from the Inland Revenue point of view for many years to come. Broadly speaking, so far as Inland Revenue work is concerned, there is no special reason that can be adduced in support of registration, and there are no evils that the Department know of which it would correct. The members of societies of accountants whose credentials are beyond question describe themselves as members of the particular societies, and that in itself is a label which answers all the purposes of the Department, but if the setting up of a register prevented the practising of accountancy by unqualified persons it would be helpful to the Department.

INCOME TAX ACT DEFINITION OF AN ACCOUNTANT.

Reference has been made above to the definition of an accountant in the Income Tax Act, 1918, and other enactments relating to taxation. This definition is very wide in terms, but it has not given rise to any difficulties so far as the Income Tax Authorities are concerned; it is not, however, of much value to the Authorities because anyone may form an incorporated society of accountants. The Board of Inland Revenue are not aware that the question of the revision of the definition has ever become an acute question with the General Commissioners of Income Tax, who are principally concerned with its operation. One reason for this may be that the Commissioners are always very reluctant to refuse access to a representative of the taxpayer. It is difficult not to accept the agent whom a taxpayer chooses to employ, and it is imagined that Parliament might take the view that the small taxpayer must not be forced to spend more money on an accountant than he can afford.

Opinion is not unanimous in the accountancy profession as to the value of compulsory registration to the profession. It is opposed by a number of societies whose members form 45 per cent. of the total membership of all the societies of accountants, while the view has been expressed that registration will have little effect so far as the better known societies are concerned. It has been contended, however, that the adoption of registration would bring about a cessation of those sectional rivalries and bids for recognition which have unfortunately characterised the profession, and that in consequence more attention would be concentrated on co-operative effort in the development of professional education. It would, no doubt, raise the general standard of professional conduct, and eventually must have the effect of putting an end to certain features which from a professional point of view are so unsatisfactory to-day.

It is generally conceded that if the practice of the profession of accountancy is to be restricted to persons whose names would be in a statutory register, it would be necessary at the initial stage to include in the register all persons who had been practising the profession for some period, whatever their qualifications and their competence. Subsequent applicants for registration would, no doubt, be required to possess such qualifications as some central authority might lay down. The public is likely to assume that, if a man's name is on the register, he would possess such minimum qualifications that he could be regarded as fully qualified to undertake the duties of a public accountant, but during the initial stage of registration persons unworthy of public confidence might be placed on the register. It would only be after the lapse of a generation that the public would have the assurance that every person on the register was really qualified.

The public would, however, have an immediate guarantee that future entrants to the register would possess minimum qualifications, that the number of unqualified persons in practice could not increase, but would gradually diminish, and that any registered

accountants who were found guilty of unprofessional or otherwise unsatisfactory conduct would cease to practise.

A number of accountants' organisations are anxious to ensure that their members should retain their right to use the designatory titles and letters appertaining to their particular society, and it has been suggested that the placing of all persons in practice on the first register will not necessarily give rise to any difficulty, because the public will continue to choose as their accountants men with acknowledged designations.

One of the practical difficulties in the way of establishing a register accompanied by restriction of practice is to define accountancy. A number of definitions have been placed before the Committee, none of which satisfactorily covers the whole field. Leading members of the profession assert that they are unable to draw up a definition which would include all the various functions of an accountant without embracing work which is equally within the scope of other professions. Accountancy ranges over the whole field of business affairs, and the functions of an accountant extend from what is little more than book-keeping to advising on financial reconstruction schemes and the flotation, reconstruction or liquidation of large industrial and other undertakings. Solicitors and bankers as well as accountants undertake the preparation of trust accounts and Income Tax returns. Officials of companies and laymen as well as accountants act as liquidators in the voluntary winding-up of companies or as trustees in bankruptcy, and certain well known public companies appoint as auditors laymen who are stockholders. Is the clerk who assists the trader with his accounts in his spare time, or the estate agent who accepts responsibility for estate accounts, or the income tax expert, to be regarded as practising accountancy?

It may be here interposed that while in certain quarters in the accountancy profession it has been suggested that solicitors and members of other professions should be prohibited from offering to undertake accountancy work, organisations representing the legal profession have pointed out that, as a proportion of the work of practising solicitors is to keep the accounts of trusts and of clients, and to do the whole accounting work in connection therewith, any attempt to exclude persons not on a register of accountants from doing accountancy work would seriously interfere with the work of practising solicitors unless the definition of accounting work was such as to exclude all the accounting work now usually done by them for clients. Such a definition, it is claimed, would be well-nigh impracticable. In the remote parts of Scotland, the local lawyer or bank agent is the only person available to advise in accountancy matters.

Several suggestions for the partial restriction of the practice of the profession have been proposed. One of these was that restriction of practice should apply only to such accountants as hold themselves out to the public as prepared to do accounting work for remuneration, and not to those accountants who are engaged as employees. Other suggestions were that the restriction of practice should apply only to auditors, and that no one but a registered auditor should be permitted to audit accounts required by statute.

So far as the accounts of companies are concerned, there is nothing in the Companies Act which requires auditors of a public company to have any special qualifications. The Company Law Amendment Committee of 1925-6 considered the question of the audit clause in the Companies Act, and stated in their Report that "cases in which auditors fall below the level of their duty are few and far between." According to the evidence given to us by a member of that Committee, they had no cases before them where it was shown that unqualified persons were auditing the accounts of limited companies, and, therefore, they left the question of the audit clause alone. There is no evidence to show that, so far as public companies are concerned, a register of auditors would serve any useful purpose, and it might inflict hardship on private companies, of which there are some 90,000 in existence.

Every society registered under the Industrial and Provident Societies Acts must submit its accounts annually for audit to one or more of the Public Auditors mentioned above, as also must every society registered under the Friendly Societies Acts which is a Collecting Society. All other Friendly Societies and their branches must submit their accounts at least once a year for audit either to one of the Public Auditors, or to two or more persons appointed as the rules of the society or branch provide. The total funds of these latter societies is about £100,000,000, and less than 6 per cent. of them employ Public Auditors. The other persons appointed as auditors are generally members of the societies: they sometimes have practically no knowledge at all of accounting. From time to time heavy losses occur as a result of incompetent audits. Such losses are not, it is true, limited to societies which employ unqualified auditors, but the establishment of compulsory registration would be welcome if it provided that, in cases where the incompetent handling of an audit of the accounts of Friendly Societies resulted in loss, the auditor could be debarred from practising.

The only provision in the Building Societies Acts relating to the appointment of auditors is to the effect that one at least of the auditors of a society shall be a person who "publicly carries on the business of an accountant." This has been construed to mean that anyone, whether qualified or not, who exhibits a brass plate or otherwise publicly professes to be an accountant, may carry out an audit under the Acts. The Building Societies, which number approximately 1,000, and have funds exceeding £218,000,000* (including deposits of £33,000,000*), may be said to be one of the depositories for the savings of the working and middle classes, who are not always experienced investors, and who look at the audit certificate as

* These figures given in evidence relate to the year 1927. The figures for the year 1929 are £304,000,000 and £39,000,000 respectively.

something in the nature of hall-marking the accounts. The great majority of the audits are conducted either by Chartered or Incorporated Accountants: but the Registrar of Friendly Societies has had to refer accounts of Building Societies back for explanation and revision because of an inadequate audit, and it has been suggested that a form of registration of accountants which would in time enable a new formula to be employed in the Building Societies Acts, and only properly qualified men permitted to vouch the accounts, would be in the public interest.

Although all persons in practice as accountants at the time of the institution of a register would probably have to be placed on the register, candidates for registration after the initial period would, no doubt, be required to show a high standard of education and professional qualification. The existing societies of accountants can and do continually raise the qualifications required for admission to their membership to meet the altering conditions of practice, but it is feared that, if the standard required of candidates for the register after the initial register has been closed is sufficiently high to ensure that all persons then being accepted are fully qualified, the authority which controls the register will find it increasingly difficult, in view of the divergent nature of the work of an accountant, to resist pressure to reduce the standard. A very high standard might inflict considerable hardship because men who intended to undertake only the less important accountancy work would be required to pass a difficult examination in a great number of subjects which very likely they would never require in practice, and because it would result in compelling the public to employ persons of unnecessarily high skill and qualification to carry out much work which is at present efficiently done by persons who are not so highly qualified, while a low standard would recognise as competent to practise in the higher branches of the profession men who have not sufficient qualifications. There are certain branches of accountancy for which it would be unfair to insist that a man should be fully qualified, for example, the audit of a small trader's accounts. The clerk who in his spare time assists a trader with his accounts would probably not be able to satisfy a high standard, but he is doing useful work, and it would not seem to be in the public interest to prevent his doing it.

The evidence does not establish that the fees now charged by fully qualified accountants are higher than those charged by the less efficiently equipped, except, perhaps, as compared with those charged by persons who engage in accountancy as a part-time occupation, but considerable anxiety has been expressed by representatives of the smaller trading concerns lest the restriction of the practice of accountancy to registered accountants might result in such concerns having to pay fees which would be out of all proportion to the work required to be done. It has been suggested that, as the public would be compelled, when they need an accountant, to employ one who is on the register, they should be protected from one of the effects of monopoly by the statutory restriction of fees. It may be noted that a scale of fees has been laid down for Public Auditors in so far as audit work is concerned, but not for work which is not part of the audit.

No General Public Demand for Registration.

There is no general public demand for the establishment of a register of accountants accompanied by a prohibition of practice by unregistered accountants. It has been urged that the subject is not one in which the general public have an interest, but it is fair to assume that if the public were discontented with the present situation in regard to the services rendered by the accountancy profession, there would have been some demand for an improvement. The evidence as a whole shows that, while a few incompetent and even undesirable persons offer their services to the public, the public are able to, and do, discriminate between the various classes of persons who practise as accountants. A man in search of an accountant does not employ a person solely because he puts up a brass plate describing himself as such. He makes inquiries and, as a general rule, employs the man who, according to local reputation, is best able, for a satisfactory fee, to carry out the particular work that is to be done. There is little in the evidence to indicate that the section of the public which has need of accountancy services, whether as large financial, industrial, and commercial undertakings, as small traders or as taxpayers, suffers as a result of the present conditions in the accountancy profession.

Views and Recommendations of the Committee.

The first part of our terms of reference requires us to consider whether it is desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law. We have assumed that it was the intention that the question of desirability should be examined primarily from the point of view of the public interest.

Anyone may describe and hold himself out to the public as an accountant, whatever his qualifications and character. The arguments placed before us in support of the claim that the compulsory registration of accountants is desirable in the general public interest are that numbers of unqualified persons offer their services to the public as accountants and secure employment, particularly in connection with Income Tax matters, and that there is nothing to prevent persons who are unworthy of public confidence from seeking to practise accountancy.

As regards the second category of persons, we have been told that persons who have been expelled from existing societies of accountants because they have been guilty of discreditable or unprofessional conduct may continue in practice provided, of course, that they no longer describe themselves as members of the societies.

With regard to the first category, the meaning attached by witnesses to the word "unqualified" has tended to vary according to the qualifications required for membership of the organisation which the witness represented, or with which he was more intimately

acquainted. The functions of an accountant are many and varied. They cover the whole range of business affairs, and extend from what is little more than book-keeping to such matters as advising on the reconstruction of a large financial corporation. So far as the general public is concerned, the proper test is whether a person is competent to carry out the particular work he offers to do and leads the public to believe he is able to do. An ex-Inspector of Taxes may not be a fully qualified accountant, but he may be competent to deal with Income Tax matters. A clerk in a commercial office without the qualifications necessary for the general practice of accountancy may give competent assistance to a small trader with his accounts.

To ascertain whether there is an appreciable number of accountants practising who are incompetent in the sense indicated in the preceding paragraph, is a matter of considerable difficulty, and it has seemed to us that the only satisfactory way of arriving at any estimate of the situation was to consult representatives of sections of the public who employ accountants for various purposes or have knowledge of the work performed by them.

The evidence placed before us shows that the larger organisations in commerce, industry, and finance employ fully competent accountants, and are not affected by the absence of any provision which would prevent incompetent and undesirable persons from offering their services to the public. So far as the smaller organisations in commerce and trade are concerned, we have received the evidence of the National Chamber of Trade, which has over 100,000 members in 360 local chambers and associations of traders spread over England and Northern Ireland. There are, however, a large number of small traders and private individuals who employ accountants but are probably not represented by any central organisation, and we have therefore invited the British Bankers' Association, the Scottish Legal Societies, and the Law Society, whose members are spread all over the country and are in close contact with those who would be likely to require the services of accountants, to assist us in our investigations. The latter body has circularised the 86 Provincial Law Societies in England and Wales, and the matter has been raised at a meeting of the Associated Provincial Law Societies. We have also had the benefit of the views of the Board of Inland Revenue whose officers are acquainted with the accounts prepared in connection with Income Tax matters. The evidence furnished through these channels indicates that neither small traders nor other taxpayers suffer to any substantial extent as a result of employing individuals who hold themselves out as accountants, but are not competent to do the work which they are employed to do.

We can only conclude, on the evidence before us, that for the most part the general public is not influenced or misled by the fact that an individual describes himself as an "accountant," but bases its selection of an accountant principally on personal knowledge or local reputation.

A few cases have been brought to our notice in which loss has been incurrred as a result of inefficient accountancy service, but it is not possible to say that such loss could have been prevented by any system of compulsory registration of accountants. As is inevitable in any numerous body, even those societies of accountants whose conditions of membership are the most stringent, have found it necessary in isolated cases to exercise their power to expel a member for discreditable conduct, which appears to indicate that registration would afford no infallible protection against defaults of this nature.

We have been at pains during our examination of witnesses to ascertain whether there is any general public demand for compulsory registration. None of the witnesses has been able to show that the section of the public which has need of accountancy services has expressed any desire for a change in the existing state of affairs. Such demand as there is has its origin, directly or indirectly, within the profession, and although it has been expressed, in the past, by authorities outside the profession, it has arisen in the main as a result of steps taken by certain societies of accountants to secure the same measure of public recognition in several spheres as has been accorded to other societies. These steps have placed certain authorities in the position of having to decide whether membership of a given society of accountants is of itself a sufficient qualification for certain statutory functions, *e.g.*, the Committees of the Houses of Parliament dealing with Private Bills have to determine who shall be eligible under the audit clause for appointment as the auditors of the accounts of Municipal Corporations, while the Chief Registrar of Friendly Societies has to select and recommend persons for appointment as Public Auditors for the purposes of the Industrial and Provident Societies Acts and other statutes. If a register of adequately qualified accountants could be devised, it would transfer the task of selection from the various authorities upon whom it now falls to a single authority set up for the purpose, which would have some advantages, but so far at any rate as concerns the Government Departments which have the duty of appointing, or of approving the appointment of, auditors, we have evidence that they experience no real difficulty in finding satisfactory incumbents for all the positions which they are called upon to fill.

Assuming for the moment that the practical difficulties in the way of setting up a compulsory register, such as defining an accountant's functions and separating them from those of other professions, can be overcome, it has to be recognised that the initial register would probably have to include the names of almost all accountants in practice on some prescribed date, whatever might be their degree of competence. For many years, possibly a generation, after the institution of the register, there could be no assurance that every person on the register was fully competent to carry out these classes of work; and this assurance would even then only be forthcoming if the conditions for admission to the register after the prescribed date were such that the persons admitted thereunder

could be regarded by the appropriate authorities as possessing the necessary competence. It would therefore be essential that the standard set should be a very high one.

If the practice of the profession of accountancy is restricted to those who comply with a high standard, considerable hardship will ensue in more than one direction. For example, a candidate for the profession who proposes to practise only in the minor branches will be required to pass tests and give proof of experience in many subjects which will not be required for his practice, and he will be involved in unnecessary expense in securing the requisite knowledge and experience, while the client who has need of the services of an accountant for work in some of the smaller branches of accountancy only will be compelled to employ a fully qualified member of the profession for a task which could quite well be accomplished by a man with an elementary knowledge of accountancy. Moreover, the fear expressed by the National Chamber of Trade, and felt in other quarters, that the setting up of a monopoly may result in an increase in the fees payable for accountancy services by certain sections of the public cannot be overlooked.

STATUTORY REGISTRATION NOT DESIRABLE.

On the evidence before us we are unanimously of opinion that it is not desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law.

A suggestion for a partial scheme of compulsory registration has been put before us, namely, that only persons on a register should be permitted to audit accounts which are required by statute. We were at first attracted by this proposal, as it seemed *prima facie* to have the merit of removing the difficulties which have in the main been responsible for the demand for the registration of accountants, and of facilitating the adoption of stricter methods of audit in connection with the accounts of Friendly and Building Societies, the situation in regard to which is explained in paragraphs 36 and 37 in Part II of this Report. A closer examination of the effects of this proposal, however, has prevented us from recommending its adoption.

The proposal would involve the compulsory employment of registered auditors to audit the accounts of public and private companies. The question of the qualification of auditors of the accounts of public companies was considered only four years ago by the Company Law Amendment Committee, who did not, we understand, recommend that any provision as to the qualifications of auditors of company accounts should be included in the Companies Act. Such evidence as we have on this point affords no ground for an alteration of the present law, and is, in fact, opposed to alteration. A requirement that the accounts of private companies must be audited by registered auditors would impose an expense on over 90,000 private companies (many of which are very small concerns or businesses in the hands of a few individuals) for which, so far as we are aware, there is no justification.

As regards the suggestion that it is desirable to secure that only properly qualified and experienced persons are eligible to conduct the audit of the accounts of Friendly Societies and Building Societies, the present fault, if any, lies, not in the absence of a register of auditors, but in the statutory provisions which regulate the audits.

We have no mandate to inquire whether an amendment of these statutory provisions is or is not desirable, but even if it is, the needs of the situation would seem to be met by the panel of Public Auditors appointed by the Treasury, and the setting up of a further register of auditors seems unnecessary.

The Committee conclude their report by expressing appreciation of the services rendered to the Committee by the Secretary, Mr. F. A. Griffiths, M.C.

The Report is signed by all the members of the Committee, Lord Goschen (*Chairman*), Mr. Harold Bellman, Mr. Fred. H. E. Branson, Mr. J. Walker Clark, Mr. F. E. Warbreck Howell, Mr. Kenneth Lee, Mr. Geo. J. Scott, Mr. John Scurr, M.P., Mr. J. J. Wills.

Correspondence.

PREMIUMS ON REDEEMABLE PREFERENCE SHARES.

To the Editors *Incorporated Accountants' Journal.*

SIRS,—In regard to the leading article and Mr. Wilson's letter in the August issue, wherein it seems to be assumed that after redemption there must be £11,000 in the Fund, I would contend that the Act does not appear to stipulate this, but to quote Smith's Summary of Company Law, page 108, sect. 46 (*c*) of the Act says there must be *transferred from profits* (to the Fund) a sum equal to the amount applied in redeeming the shares, and when that has been done the provisions of the Act appear to have been complied with.

Mr. Wilson asks in his letter what is to be done with the £1,000 Premium Account. If the principle adopted by some Municipal Corporations is followed, nothing would be done; it would be left on the assets side of the balance sheet to *contra* the £11,000 Capital Redemption Fund.

This Capital Redemption Fund seems to be identical to the Discharged Capital Outlay Account set up for Local Authorities' Housing Accounts, whereby assets are retained at cost where stock or mortgages are redeemable, and the cost of the issue of the stock, &c., is treated as a negative quantity on raising the Redemption Fund. In this way the Redemption Fund would appear to my mind to be correctly shown on the Balance Sheet as :—

Transferred from Profit and Loss Account ..	£11,000
Less Premiums paid on Redemption	1,000
	£10,000

Although I have had some years of experience of public accounts as affected by legislation, I am merely

one of the Society's students as regards commercial accounts, and I shall in consequence be glad to know if and where my reasoning is at fault.

Yours faithfully,

J. W. CLAMP.

Lincoln, *August*, 1930.

[We do not think the Act can be complied with by creating a specified reserve fund and immediately depleting it.—EDS., *I.A.J.*]

Obituary.

WALTER HENRY COOPER.

We have received with deep regret an intimation of the death of Mr. Walter Henry Cooper, F.S.A.A., a partner in the firm of Woodington, Bubb & Co., Incorporated Accountants, London and Maidenhead, who passed away after a very short illness at a comparatively early age. Mr. Cooper was engaged in the accountancy profession for over 25 years. He was admitted an Associate of the Society in 1915 and became a Fellow in 1921. For a short time after the War he served in the Professional Accountancy Division of the Admiralty, and in 1925 became a partner in the firm of Woodington, Bubb & Co., being occupied chiefly at the Maidenhead office. Mr. Cooper had a wide circle of friends and was an active member of several Maidenhead Sports Clubs and of the East Berks Royal Agricultural Association. At the time of his death he was Worshipful Master of the Ellington Lodge of Freemasons. Mr. Cooper leaves a widow and two children.

HARRY BERNARD HOWELL.

We announce with regret the death, on August 13th last, of Mr. Harry Bernard Howell, F.S.A.A., a partner in the firm of Howell & Sons, Incorporated Accountants, 2, Broad Street Place, London. Mr. Howell was admitted an Associate of the Society in 1913, and a Fellow in 1919. He served his articles with his father, Mr. A. J. Howell. Upon qualifying, he was admitted a partner in his father's firm, and continued to practise in partnership with his father and brother, Mr. John Lloyd Howell, up to the time of his death. We tender our sympathy to his relatives and surviving partners.

HUGH LAVERY.

We regret to record the death of Mr. Hugh Lavery, F.S.A.A., of the firm of Inglis, Lavery and Crawford, Union Bank Chambers, Queen Street, Brisbane, Australia. He had been a partner in the firm since 1907, when he first commenced public practice. Mr. Lavery became a member of the Society in 1905, and was admitted to Fellowship in 1911. He took a considerable interest in the affairs of Incorporated Accountants in Australia.

JOHN WILLIAM WALSH.

Mr. John William Walsh, F.S.A.A., Borough Accountant of Maidstone, died on July 24th last, at the age of 55. Mr. Walsh had been a member of the Society for over seventeen years, being elected as an Associate in 1913 and a Fellow in 1921. At the time of his election he was Deputy Borough Treasurer of Devonport, but two years later he secured the post of Borough Accountant of Maidstone, which he held till the date of his death.

Accountants' Liability to Third Parties.

The following is an extract from a lengthy brief which has been filed in Court on behalf of the American Institute of Accountants as *amicus curiæ* pending the hearing by the highest American tribunal of the appeal which is now pending against the judgment of the Appellate Division of the New York Supreme Court, which we published in our August issue :—

This brief is directed solely to the question of whether there was any privity between the plaintiff and defendants, whereby it could have been held that the defendants had been guilty of a breach of duty to the plaintiff.

Accountants are engaged by a corporation to examine its accounts and prepare a balance sheet. The accountants do so, and give their certificate attesting to the examination and certifying that the balance sheet " is in accordance therewith and with the information and explanations given us," and that it presents in the accountants' opinion a true and correct view of the corporation's financial condition. The accountants are not informed that the balance sheet and certificate are to be presented to the plaintiff or that they are to be used for any particular purpose, but the accountants know generally that the report will be used as a financial statement to banks or to creditors or to stockholders or to purchasers or sellers. The plaintiff advances money to the corporation relying upon the correctness of the balance sheet and certificate of the defendants. The corporation is adjudged a bankrupt, and some of the moneys advanced are not repaid to the plaintiff. If the balance sheet was incorrect and if the accountant was negligent in preparing it, can such a plaintiff recover his losses from the accountant ?

The American Institute of Accountants, which contains within its membership persons in all parts of the United States who are engaged in the practice of accountancy, is interested in this question. It submits this brief as *amicus curiæ*, in support of the decision of the Court below, where it was held that there existed no privity between the lender and the accountants whereby the lender could complain of the breach of any legal duty.

This brief does not deal with the question of whether or not in fact there was negligence by the accountants ; whether such negligence if it existed was the proximate cause of the plaintiff's loss ; the possible effect of intervening fraudulent acts of Stern, or the effect of contributory negligence by the plaintiff.

Point I.—The accountant should not be liable to one who is unknown to him.

The professional man who certifies to the correctness of a statement, be he lawyer, abstractor, surveyor, weigher, tester, or accountant, does so for his client or employer, not for all the world. If the client

or employer makes it clear to the professional man that the statement is to be used in a particular transaction in which a third party is involved, the circumstances may create a duty from the professional man to such a third party. But it is difficult to imagine any circumstances which would place upon the professional man who furnishes a certificate a duty to *all* persons into whose hands the certificate may find its way.

Such a theory would in effect make the certificate a quasi negotiable instrument passing from hand to hand and entitling the bearer to damages against the professional man.

If such a rule should be adopted it would be impossible for the professional man to determine what his fee should be for making the certificate, since he would have no means of determining the possible extent of his responsibility.

An accountant must always determine how thorough his verification of accounts is to be. There is always an element of discretion in his work. *If his certificate is merely for the security of the person who employs him, the accountant may be justified in accepting information from such person which he should not pass without further verification if he is informed that a third party is to act on the certificate.* There is always a point at which the degree of verification should stop in order to prevent the cost of an audit from being out of all proportion to reason, and this point is to be determined in each case largely by the relationship between the accountant and his client and the definite use to which the accountant knows the certificate is to be put. If the accountant were to be held to an unlimited liability to all persons who may act on the faith of the certificate, the accountant would be put under an enormous responsibility and would be obliged to protect himself by a verification so rigid that its cost would usually be prohibitive.

Counsel for the appellant argue that the accountants in the case at bar might by appropriate language have limited their obligation to their employer, and not having done so their obligation became unlimited (appellant's brief, page 68). Such an argument leads nowhere, for the converse is just as logical and is more in accordance with sound business practices. If the plaintiff in the case at bar had wished to rely upon the accountants' certificate as a basis for making the loan, *the plaintiff could readily have demanded from the borrower a certificate running to the plaintiff.* The certificate the defendants had given their client stated that the balance sheet was in part in accordance with "the information and explanations given us." Had the plaintiff asked that the certificate run to its benefit it is reasonable to believe that the plaintiff would have been informed what the "information" and "explanations" were, or that the accountants would have stated how thorough their verification of accounts had been and whether they thought the verification sufficient for plaintiff's purposes. If such a certificate had been obtained a basis would have been established for claiming that the accountants owed a duty to the plaintiff, and the accountants, learning the definite purpose for which the certificate was required, could have gauged their responsibility and risk and could intelligently have determined how thorough their verification of accounts should have been before making a certificate to the plaintiff.

Reviews.

Kinematograph Trade Accounts. *Book III. By Charles H. Travis, B.A. (Com.), F.C.A. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C.1.* (144 *pp. Price 7s. 6d.*)

We have already referred to the two previous volumes of this series, one dealing with the accounts of Renters, and the other with those of Exhibitors. The present volume explains the accounts of Kinematograph Producers, and in doing so outlines the books suitable for the smaller as well as the larger concerns, while a chapter is added dealing with Production Cost Accounts. In the appendix an explanation is given of the System of Premium Bonus Wage Payments which will be found useful to those who are concerned with the larger undertakings. Specimen rulings and accounts, interspersed throughout the text, and an organisation chart add to the value of the publication.

An Outline Study of Contract Law. *By W. Summerfield, M.A., Barrister-at-Law. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C.1.* (102 *pp. Price 3s. 6d. net.*)

The aim of the author of this little book is to provide business men with a general knowledge of the main principles of Contract Law, and at the same time to supply the student with an introduction to the larger works which he requires to study for examination purposes. Amongst the matters discussed are the formalities of Contract making, how a contract is concluded, the use of undue influence, and questions of assignment and negotiability. Although numerous legal decisions are referred to the book is free from technicality and is easily understood.

Cost Accounts. *8th Edition. By L. Whittem Hawkins, F.C.A. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C.1.* (104 *pp. Price 10s. 6d. net.*)

The object of this book is to explain the general principles relating to the ascertainment of manufacturing costs. This is supplemented by a diagram showing the relationship of the cost accounts to the commercial accounts. There is also an appendix containing a number of forms with specimen entries, and the text of the publication gives a general explanation of the working of the system.

How to Form a Company. *10th Edition. By H. W. Jordan. London: Jordan & Sons, Limited, Chancery Lane, W.C.2.* (108 *pp. Price 2s. 6d. net.*)

The procedure of forming a company is here explained simply and briefly, commencing with the Memorandum and Articles of Association and following with the pro-

spectus, the commencement of business and the principal statutory requirements. The explanations given are in simple language and easily followed by those not versed in company matters.

The Formation of a Private Limited Company. *By G. Cameron Ollason, F.C.A. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C.1. (86 pp. Price 6s. net.)*

The author here sets out to explain the conversion of an existing business into a private limited company. The subject is dealt with from the accountant's point of view, and is therefore on somewhat different lines from the numerous legal publications on this subject. The procedure is fully explained and specimens given of the entries required in order to open the new company's accounts and close those of the vendors. The appendix contains specimens of registration forms, a schedule of duties and fees payable, and examples of the minutes of the first meeting of directors.

Builders' Accounts. *5th Edition. By John A. Walbank, F.C.A. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C.1. (90 pp. Price 5s. net.)*

Certain minor alterations have been made in the issue of this edition, but in general outline the book is in the same form as before. The method of dealing with the transactions of builders is briefly explained, and specimens are given of the books required and the entries that appear therein. The appendix shows how the system may be modified to meet the case of a small concern.

How the Stock Market Really Works. *By W. Collin Brooks, Assistant Editor of the "Financial News." London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (150 pp. Price 5s. net.)*

The author's knowledge of financial matters enables him to write with authority and knowledge on this subject. Amongst the matters with which he deals are Investment and Speculation, Promotion and Promotors, Market Manipulations and Options. In dealing with these subjects the whole procedure of Stock Exchange operations is fully explained, and a chapter is added dealing with "booms," their causes and after effects. The general contents of the book are well indicated by the author in his introduction where he says that text books describe the machinery of the Stock Exchange, the press reports the manner in which that machinery is being handled, and personal experience reveal show the machine works without explaining "why" and "how," while he has endeavoured to collate the three kinds of knowledge.

Tolley's Income and Sur Tax Chart, 1930-31. *London: Waterlow & Sons, Limited, London Wall and Birchin Lane, E.C. (Price 3s. 2d. post free, or with Free Trade Supplement, 3s. 6d.)*

This Chart, which includes the provisions of the Finance Act, 1930, has now been issued. It contains a mass of information highly condensed, and is conveniently arranged for easy reference. The somewhat complicated provisions in several sections of the Finance Act render a simple synopsis particularly useful. The chart is also serviceable for the numerous references to the sections of the Finance Acts from which more detailed information can be obtained.

THE HISTORY OF BOOK-KEEPING AND ACCOUNTANCY.*

This volume is not an attempt to supersede the standard work published by Richard Brown in 1905, entitled "A History of Accounting and Accountants." The late Mr. Murray was interested chiefly in the 17th and 18th centuries; he also takes us back to the days before Archimedes, but the growth of the modern societies of accountants is excluded. The chief impression left in the mind of the reader is of the wide bibliographical knowledge revealed in the innumerable references to ancient, mediæval and modern books, and in remarkably few instances has the author found it necessary to state that his account is not based on a personal examination of the original.

There is a natural tendency to assign the position of primary importance to Scottish accountancy, but other countries—England, Ireland, Italy, Germany, the Netherlands, France and Spain—are not neglected. The first few pages of the book are devoted to the activities of Alexander Heriot, of Edinburgh, about the end of the 17th century. Heriot is described as a book-keeper, but his occasional retention by the New Mills Cloth Manufactory is shown to be of the same nature as the practice now carried on by a professional accountant. He was also a teacher of book-keeping, and in 1697 published "A Book containing Tables for finding out the Exchange of Money and Annualrents," with an explanation of their use.

The section on English writers on book-keeping begins with "a profitable Treatyce" by Hugh Oldcastle, published in 1543—nearly a century and a half before the first Scottish contribution to the subject. In 1596 appeared "The Pathway to Knowledge," a translation of a Dutch work on arithmetic and book-keeping. The book and its contents are described at some length; and it may be of interest to record that the Society's library contains a volume which corresponds exactly with this description, except that the translator's initials as printed at the end of the Dedication are W. P., whereas in Mr. Murray's transcript of the title-page they are given as N. P., which he interprets as Nicholaus Peters of Deventer. The copy in the Society's Library has lost its title-page, but contains a few more pages than that inspected by Mr. Murray, as the signatures extend to Ee3 instead of Dd3.

Among later writers it is interesting to find Daniel Defoe, the author of "Robinson Crusoe," giving advice to traders on how to keep their accounts; an extract from his Petty Cash-book is reproduced as illustrative of the life of a London Tradesman of the early 18th century.

"Early Arithmetic" is the heading of a most interesting chapter which transports the reader into a period when reckoning on the fingers or by means of counters was not confined to kindergarten classes, but was regularly used in the most complicated transactions. An account is given of the Greek numeration, with several examples of arithmetical puzzles used in pastime—which might well have been extracted from a present-day school book. Methods of working sums in Roman numerals are carefully explained, especially the "abacus"—an oblong board with grooves along which counters could be moved—which, in its developed form as the counting-table of

* *Chapters in the History of Book-keeping, Accountancy and Commercial Arithmetic.* By the late David Murray, M.A., LL.D., F.S.A. Glasgow: Jackson, Wylie & Co., 1930. (519 pp. Price 21s. net.)

the Middle Ages, remained in use down to a comparatively recent time. Thus in 1596 "The Pathway to Knowledge," already mentioned, explains "How to cast accompt with Counters, and with Pen, both in whole and broken numbers."

A knowledge of partnership accounts and of foreign exchange was already indispensable to the accountant when Lucas Pacioli published his "Summa de aritmetica, geometria, proportioni et proportionalita" in 1494. The book-keeping and arithmetical portions of this work, which in both spheres marks the transition from the ancient to the modern period, are analysed in detail in their respective places. It is perhaps questionable whether it was advisable to draw such a rigid distinction between "arithmetic and book-keeping" which forms the subject of the last two sections, and "book-keeping and accountancy," with which the rest of the book is concerned. Moreover, the sections on "Book-keeping and Accountancy in Early Times" and "Judicial Accounting" seem strangely placed between "Book-keeping and Accountancy in Scotland in the Seventeenth and Eighteenth Centuries" and "Some Writers on Book-keeping" of about the same period.

At the same time the material from which the book was prepared was heterogeneous. Chronological or more sequential treatment would have proved difficult, and might have obscured the best presentation of deep research, which renders the work a classic.

Obituary.

WILLIAM R. B. BRISCOE.

We have received with great regret an announcement of the death on Saturday, August 23rd, of Mr. William Richard Brunskill Briscoe. Born on January 14th, 1855, he was the son of the late Rev. L. C. Briscoe, Rector of Outwell, Norfolk. He was educated at Christ's Hospital and Trinity College, Cambridge. For some years after taking his degree he was a schoolmaster, but was called to the Bar at the Inner Temple in 1885. Soon after the incorporation of the Society, Mr. Briscoe's assistance was sought in drawing up the first Examination Syllabus, and he was appointed by the Council one of the original Examiners, a position he resigned upon his removal to Egypt to take up practice there. After a successful career in that country, during which he was Crown Prosecutor, he returned to England, and in the War period he became Director of the Intelligence Branch of H.M. Procurator-General's Department and was awarded a C.B.E. for his services. Subsequently he became a Judge on the Mixed Tribunal at Tangier, but after two years in this capacity he finally retired. A loyal son of his old school, he was a Governor and member of the Council of Almoners of Christ's Hospital. Before his departure to practise abroad, Mr. Briscoe was an appreciated contributor to the columns of the *Incorporated Accountants' Journal*. He was much esteemed by the older members of the Council of the Society, and many of the senior Incorporated Accountants now in practice retain vivid memories of a courteous, considerate, and scholarly man whose sound advice and ready help contributed materially to the advancement of the Society in its early years.

FINANCE ACT, 1930.

The following is the text of the Act in so far as it relates to Income Tax, Estate Duty, and Stamps :—

PART II.

Income Tax.

INCOME TAX FOR 1930-31.

8.—(1) Income Tax for the year 1930-31 shall be charged at the standard rate of 4s. 6d. in the £, and, in the case of an individual whose total income from all sources exceeds £2,000, at such higher rates in respect of the excess over £2,000 as Parliament may hereafter determine.

(2) All such enactments as had effect with respect to the Income Tax charged for the year 1929-30 shall have effect with respect to the Income Tax charged for the year 1930-31.

(3) The annual value of any property which has been adopted for the purpose of Income Tax under Schedules A and B for the year 1929-30 shall be taken as the annual value of that property for the same purpose for the year 1930-31 :

Provided that this sub-section shall not apply to lands, tenements and hereditaments in the administrative county of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is by that Act made conclusive for the purposes of Income Tax.

ALTERATION OF HIGHER RATES OF INCOME TAX FOR 1929-30.

9. Income Tax for the year 1929-30 in respect of the excess of the total income of an individual over £2,000 shall, instead of being charged in pursuance of sect. 1 of the Finance Act, 1929, at the same higher rates as were charged for the year 1928-29, be charged at rates in the £ which exceed the standard rate by the amounts specified in the second column of the following table :—

In respect of the first £500 of the excess	1s. 0d.
In respect of the next £500 of the excess	1s. 3d.
In respect of the next £1,000 of the excess	2s. 0d.
In respect of the next £1,000 of the excess	3s. 0d.
In respect of the next £1,000 of the excess	3s. 6d.
In respect of the next £2,000 of the excess	4s. 0d.
In respect of the next £2,000 of the excess	5s. 0d.
In respect of the next £5,000 of the excess	5s. 6d.
In respect of the next £5,000 of the excess	6s. 0d.
In respect of the next £10,000 of the excess	6s. 6d.
In respect of the next £20,000 of the excess	7s. 0d.
In respect of the remainder of the excess	7s. 6d.

AMENDMENT OF SECT. 40 (2) OF FINANCE ACT, 1927.

10. For the words "one-half" and the words "two hundred and twenty-five pounds" in sub-sect. (2) of sect. 40 of the Finance Act, 1927 (which provides for a further deduction of tax equal to one-half of the tax remaining chargeable after the deductions therein referred to have been made or to one-half the tax at the standard rate on £225, whichever is the less), there shall be substituted respectively the words "five-ninths" and the words "two hundred and fifty pounds."

AMENDMENT AS TO RELIEF IN RESPECT OF LIFE INSURANCE PREMIUMS.

11. Sect. 32 of the Income Tax Act, 1918 (which relates to relief from tax in respect of life insurance premiums), shall, as amended by the Finance Act, 1920, have effect as if at the end of sub-sect. (3) there were inserted the following new paragraph :—

(*f*) Shall, as regards premiums or sums in respect of which the claimant would but for this restriction be entitled to an allowance at half the standard rate of tax, be given at a rate of tax greater than four-ninths of the standard rate—

(i) Where the taxable income of the claimant does not exceed £250 ; or

(ii) Where the taxable income of the claimant exceeds £250, in respect of the amount, if any, by which the premiums or sums exceed the amount by which the taxable income exceeds £250;

In this paragraph the expression "taxable income," in relation to any person, means the total income of that person, estimated in accordance with the provisions of the Income Tax Acts as they apply to Income Tax chargeable at the standard rate less any amount on which he is, by virtue of sub-sect. (1) of sect. 40 of the Finance Act, 1927, entitled to relief by way of a deduction of tax.

DEDUCTION OF TAX.

12.—(1) If in any year of assessment a resolution having statutory effect under the Provisional Collection of Taxes Act, 1913, provides for the charging of Income Tax at a standard rate lower than that charged for the previous year, the following provisions shall have effect with respect to deductions in respect of Income Tax by any body corporate, under Rule 19 of the General Rules from payments of interest on any of its securities, or under Rule 20 of the General Rules from payments of preference dividends on any of its shares—

(*a*) Any deduction which was made before the expiration of one month from the passing of the resolution and which would if the tax had been renewed at the rate imposed for the previous year have been a legal deduction, shall be deemed to be a deduction rendered legal by sect. 2 of the said Act, and the said sect. 2 shall, subject to the provisions of this section, apply accordingly;

(*b*) Any over-deduction to be made good under the said sect. 2 may be made good by a reduction of the amount of tax deducted from the next payment of like nature made on the security or share in question after the passing of the Act imposing the tax for the year:

Provided that the foregoing provision shall not authorise the retention of any part of the amount over-deducted for more than one year from the passing of the Act so imposing the tax;

(*c*) Any amount made good under the said sect. 2 shall—

(i) In the case of an over-deduction which is made good under paragraph (*b*) of this sub-section, enure to the benefit of the person entitled to the payment on the occasion of which the over-deduction is made good; and

(ii) In any other case, enure to the benefit of the person entitled to the security or share in question at the date when the amount is made good,

irrespective, in either case, of whether or not he is the person who was entitled to the payment, or to the security or share, at the date when the original deduction was made.

(2) Sub-sect. (2) of sect. 211 of the Income Tax Act, 1918 (which makes provision as to the deduction in any year of Income Tax which has not been deducted before the passing of the Finance Act for the year), shall apply with respect to—

(*a*) Any preference dividend from which a deduction of tax may be made under Rule 20 of the General Rules; and

(*b*) Any payment for or in respect of copyright to which sect. 25 of the Finance Act, 1927, applies; and

(*c*) Any royalty, or other sum, paid in respect of the user of a patent,

as it applies with respect to rent, interest, annuity or any other annual payment.

(3) Where on payment of a dividend (not being a preference dividend within the meaning of this section), Income Tax has, under Rule 20 of the General Rules, been deducted therefrom by reference to a standard rate of tax greater or less than the standard rate for the year in which the dividend became due, the net amount received shall, for all the purposes of the Income Tax Acts, be deemed to represent income of such an amount as would, after deduction of tax by reference to the standard rate last-mentioned, be equal to the net amount received, and for the said purposes there shall in respect of that income be deemed to have been paid by deduction tax of such an amount as is equal to the amount of tax on that income computed by reference to the standard rate last mentioned.

(4) In this section the expression "preference dividend" means—

(*a*) A dividend payable on a preferred share at a fixed gross rate per cent.; or

(*b*) Where a dividend is payable on a preferred share partly at a fixed gross rate per cent. and partly at a variable rate, such part of that dividend as is payable at a fixed gross rate per cent.,

and the expression "share" includes stock.

INTEREST ON LOANS USED FOR PAYMENT OF PREMIUMS, &C., NOT TO BE ALLOWED AS DEDUCTION FOR SUPER TAX PURPOSES.

13.—(1) Subject to the provisions of this section, in computing for the purposes of sur tax the total income for any year of an individual who has entered into a contract of assurance, no deduction shall be allowed in respect of any interest on any borrowed money which has been applied directly or indirectly to or towards the payment of any premium under that contract, or of any sum paid in lieu of any such premium.

(2) Where the benefit of a contract of assurance entered into by any person has become vested in another person, being an individual, sub-sect. (1) of this section shall apply in relation to that individual—

(*a*) As if the contract had been a contract entered into by him; and

(*b*) In a case where the benefit of the contract became vested in him by virtue of an assignment and any payment was made by him in consideration of the assignment, as if that payment were the payment of a premium under the contract; and

(*c*) In a case where, either as being the person in whom the said benefit is vested, or by reason of any agreement under or in pursuance of which the said benefit became vested in him, he pays any interest on any borrowed money, as if that money had been applied to the payment of a premium under the contract.

(3) This section shall not, where the interest is payable at a rate not exceeding 10 per cent. per annum, apply to—

(*a*) Interest on borrowed money applied to or towards the payment of any premium under a contract of assurance entered into before April 15th, 1930, which assures a fixed capital sum payable either—

(i) On death only; or

(ii) On the expiration of a period of not less than ten years from the date of the commencement of the contract or on earlier death;

(*b*) Interest on money borrowed before April 6th, 1929, unless

(i) The money was borrowed from an assurance company; and

(ii) The repayment thereof was secured on a contract of assurance; and

(iii) The premium in question was a premium under that contract;

(*c*) Interest on money borrowed mainly on the security of property other than a contract of assurance, if the premium in question either—

(i) Is payable under a contract of assurance entered into in order to provide against the failure of a contingent interest in any property, and to serve as additional security for the loan and for no other purpose; or

(ii) Is the first of a series of premiums payable under a contract of assurance entered into solely in order to provide for the repayment of the money borrowed and does not exceed 10 per cent. of the sum assured under that contract;

(*d*) Interest on borrowed money applied to or towards the payment of premiums under a contract of assurance which assures throughout the term of the contract a capital sum payable on death, if neither the amount of the first premium under the contract nor the amount subsequently payable by way of premiums thereunder in respect of any period of twelve months exceeds one-eighth of the capital sum payable on death;

(*e*) Interest on borrowed money applied to or towards the payment of premiums (not being premiums such as those specified in the preceding paragraphs of this sub-section) each of which is one of a series of equal premiums payable at equal intervals of not more than one year, except so far as such interest exceeds in the year of assessment £100 in all.

(4) The provisions of sect. 22 of the Finance Act, 1922, with regard to the delivery of particulars as to deductions claimed to be allowed, shall be extended so as to enable the Special Commissioners to require such particulars with respect to deductions and otherwise as they may consider necessary for the purpose of carrying this section into effect.

(5) In this section—

(*a*) The expression "contract of assurance" means a contract of assurance or a contract similar in character to a contract of assurance, being in either case a contract under which a capital sum is expressed to be payable in the future in return for one or more antecedent payments, and the expression "premium" means any such antecedent payment;

(*b*) The expression "interest" includes any sum payable in respect of any borrowed money;

(*c*) Any reference to borrowed money applied to or towards any payment shall be deemed to include a reference to borrowed money applied directly or indirectly to or towards the replacement of any money so applied;

(*d*) Any reference to a capital sum payable on death under a contract of assurance shall be construed as a reference to the actual capital sum assured on death, exclusive of any addition which has arisen or may arise from any bonus, share of profits, return of premiums or otherwise, and in the case of a contract under which different capital sums are payable on death in different events, as a reference to the least of those sums.

AMENDMENT OF SECT. 34 OF FINANCE ACT, 1926.

14. The following shall be substituted for sub-sect. (1) of sect. 34 of the Finance Act, 1926:—

"(1) Where in the case of any trade, profession or vocation, or of the occupation of any land occupied solely or mainly for the purposes of husbandry, or of the occupation of any woodlands, an account has or accounts have been made up to a date or dates within the period of three years immediately preceding the year of assessment—

(*a*) If an account was made up to a date within the year preceding the year of assessment and that account was the only account made up to a date in that year and was for a period of one year beginning either at the commencement of the trade, profession, vocation or occupation, or at the end of the period on the profits or gains of which the assessment for the last preceding year of assessment was to be computed, the profits or gains of the year ending on that date shall be taken to be the profits or gains of the year preceding the year of assessment;

(*b*) In any case to which the provisions of paragraph (*a*) do not apply the Commissioners of Inland Revenue shall decide what period of twelve months ending on a date within the year preceding the year of assessment shall be deemed to be the year the profits or gains of which are to be taken to be the profits or gains of the year preceding the year of assessment."

PROVISION AS TO COMPUTATION OF PROFITS AND GAINS FOR PURPOSE OF CHARGE TO TAX IN TWO YEARS NEXT AFTER THE YEAR IN WHICH TRADE, &C., SET UP OR COMMENCED.

15.—(1) In this section the expression "charged" means charged to Income Tax in respect of the profits or gains of a trade, profession or vocation, and the expressions "the second year of assessment" and "the third year of assessment" in relation to the charge of Income Tax in respect of the profits or gains of any trade, profession or vocation mean respectively the year next after and the year next but one after the year of assessment in which that trade, profession or vocation was set up or commenced.

(2) The person charged or liable to be charged shall be entitled, on giving notice in writing to the surveyor within two years after the end of the second year of assessment to require that tax shall be charged for both the second year of assessment and the third year of assessment (but not for one or other only of those years) on the amount of the profits or gains of each such year respectively:

Provided that he may by notice in writing given to the surveyor within twelve months after the end of the third year of assessment revoke the notice and in such case tax shall be charged for both the second year of assessment and the third year of assessment as if the first notice had never been given.

(3) If at any time during the second or third year of assessment, any such change as is mentioned in paragraph (1) of Rule 11 of the Rules applicable to Cases I and II of Schedule D occurs in the persons engaged in the trade, profession, or vocation, a notice for the purposes of the last preceding sub-section or of the proviso thereto, must, if given after the occurrence of the change—

(*a*) In the case of a notice given within twelve months after the end of the second year of assessment, be signed by each of the persons who were engaged in the trade, profession, or vocation, at any time between the commencement of the second year of assessment and the giving of the notice, or, in the case of a deceased person, by his legal representatives; and

(*b*) In the case of a notice given after the end of the third year of assessment, be signed by each of the persons who were engaged in the trade, profession, or vocation, at any time during the second or third year of assessment, or, in the case of a deceased person, by his legal representatives.

(4) In the case of the death of a person who, if he had not died, would, under the provisions of this section have become chargeable to Income Tax for any year, the tax which would have been so chargeable shall be assessed and charged upon his executors or administrators and shall be a debt due from and payable out of his estate.

(5) There shall be made such additional assessments, reductions of assessments or repayments of tax as may in any case be required in order to give effect to the foregoing provisions of this section.

(6) This section shall apply in relation to trades, professions, or vocations set up or commenced in the year 1928-29 or any subsequent year of assessment:

Provided that in the case of a trade, profession or vocation set up or commenced in the year 1928-29 the person charged may, instead of giving notice under sub-sect. (2) of this section, give notice under proviso (*a*) to sub-sect. (1) of sect. 29, of the Finance Act, 1926, and shall, if he so gives notice, be entitled to be charged under the said proviso for the year 1929-30.

AMENDMENT OF RULE 11.

16. The proviso to paragraph (1) of Rule 11 of the Rules applicable to Cases I and II of Schedule D shall, in relation to cases where the change occurs after April 5th, 1930, have effect as if for the words "three months after the change took place" there were substituted the words "twelve months after the change took place."

RELIEF FROM DOUBLE TAXATION ON CERTAIN PROFITS ARISING THROUGH AN AGENCY.

17.—(1) Subject to the provisions of this section if His Majesty in Council is pleased to declare—

(*a*) That any profits or gains arising directly or indirectly to a person resident in any foreign state or in any part of His Majesty's dominions outside the United Kingdom through an agency in the United Kingdom or to a person resident in the United Kingdom through an agency in any foreign state or in any part of His Majesty's dominions outside the United Kingdom are chargeable both to United Kingdom Income Tax and to Income Tax payable under the law in force in that foreign state or that part of His Majesty's dominions; and

(*b*) That arrangements as specified in the declaration have been made with the Government concerned with a view to the granting of relief from such double taxation,

then, unless and until the declaration is revoked by His Majesty in Council, the arrangements specified therein shall, so far as they relate to the relief to be granted from United Kingdom Income Tax, have effect as if enacted in this Act, but only if and so long as the arrangements, so far as they relate to the relief to be granted from the Income Tax payable in the foreign state or in the part of His Majesty's dominions, have the effect of law in the foreign state or the part of His Majesty's dominions:

Provided that no arrangements made under this section shall exempt from United Kingdom Income Tax any profits or gains which either—

(i) Arise from the sale of goods from a stock in the United Kingdom; or

(ii) Accrue to a person resident in the United Kingdom; or

(iii) Accrue to a person not resident in the United Kingdom directly or indirectly through any branch or management in the United Kingdom or through any agency in the United Kingdom where the agent has and habitually exercises a general authority to negotiate and conclude contracts.

(2) Any declaration made by His Majesty in Council under this section shall be laid before the Commons House of Parliament as soon as may be after it is made and, if an address is presented to His Majesty by that House within twenty-one days on which that House has sat next after the declaration is laid before it, praying that the declaration may be revoked, His Majesty in Council may revoke the declaration and the arrangements specified in the declaration shall thereupon cease to have effect, but without prejudice to the validity of anything previously done thereunder or to the making of a new declaration.

(3) The obligation as to secrecy imposed by any enactment with regard to Income Tax shall not prevent the disclosure to any authorised officer of the foreign state or part of His Majesty's dominions mentioned in the declaration of such facts as may be necessary to enable relief to be duly given in accordance with the arrangements specified in the declaration.

(4) In this section the expression "His Majesty's dominions" includes any territory which is under His Majesty's protection or in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by the Government of some part of His Majesty's dominions.

COMPUTATION OF AMOUNT OF COPYRIGHT ROYALTIES TAXED BY DEDUCTION.

18.—(1) Where any payment to which sect. 25 of the Finance Act, 1927, applies (which section provides for the taxation of copyright royalties by deduction in cases where the usual place of abode of the owner of the copyright is not within the United Kingdom) is made through an agent resident in the United Kingdom, and that agent is entitled as against the owner of the copyright to deduct any sum by way of commission in respect of services rendered, the amount of the payment shall for the purpose of Rule 21 of the general rules be taken to be the amount thereof as diminished by the sum which the agent is so entitled to deduct:

Provided that, where the person by or through whom any such payment is made does not know that any such commission is payable or does not know the amount thereof, any tax deducted by or assessed and charged on him shall be computed in the first instance on, and the account to be delivered of the payment shall be an account of, the total amount of the payment without regard being had to any diminution thereof, and in that case, on proof of the facts to the satisfaction of the Special Commissioners, there shall be made to the agent on behalf of the owner of the copyright such payment of tax as is proper in respect of the sum deducted by way of commission.

(2) Sub-sect. (1) of this section shall apply to payments made after April 5th, 1930, and any tax deducted in relation to any such payment made before the passing of this Act in excess of the tax which it would have been proper to deduct if this section had been in force shall be made good, and, on proof of the facts to the satisfaction of the Special Commissioners, any corresponding excess of tax which has been paid shall be repaid.

(3) The time of the making of a payment to which sect. 25 of the Finance Act, 1927, applies shall, for all the purposes of the Income Tax Acts, be taken to be the time when it is made by the person by whom it is first made and not the time when it is made by or through any other person.

AMENDMENT OF SECT. 32 OF FINANCE ACT, 1921.

19. Sect. 32 of the Finance Act, 1921 (which grants exemption from Income Tax in respect of the income of certain superannuation funds), shall have effect as if for paragraph (*b*) in sub-sect. (3) thereof there were substituted the following paragraph:—

"(*b*) The fund has for its sole purpose the provision of annuities for all or any of the following persons in the events respectively specified, that is to say, for persons employed in the trade or undertaking, either on retirement at a specified age, or on becoming incapacitated at some earlier age, or for the widows, children, or dependants of persons who are or have been so employed, on the death of those persons."

20. This section relates to exemption from Income Tax of income arising from office or employment of consul or official agent.

RELIEF IN RESPECT OF UNOCCUPIED TENEMENTS IN HOUSES LET IN DIFFERENT TENEMENTS.

21. If, on an application made to the Commissioners of Inland Revenue not later than twelve months after the end of any year of assessment it is shown to the satisfaction of the said Commissioners that any apartment

or tenement in any house or building let in different apartments or tenements and occupied by two or more persons severally was unoccupied during that year or any part of that year, the said Commissioners shall cause such relief to be given from tax charged under Schedule A in respect of that house or building as appears to them to be just and shall, where necessary, direct repayment to be made of any tax which has been overpaid.

APPLICATIONS BY SPOUSES FOR SEPARATE ASSESSMENT TO INCOME TAX OR SUR TAX TO HAVE EFFECT UNTIL REVOKED.

22.—(1) Subject to the provisions of this section an application duly made, whether before or after the passing of this Act, by a husband or a wife—

(*a*) Under Rule 17 of the general rules for separate assessment to Income Tax for the year 1930-31 or any subsequent year of assessment ; or

(*b*) Under sub-sect. (9) of sect. 42 of the Finance Act, 1927, for separate assessment to sur tax for the year 1929-30 or any subsequent year of assessment ;

shall have effect not only as respects the year of assessment for which it is made but also for any subsequent year of assessment.

(2) A person who has made any such application as is mentioned in the last preceding sub-section for any year of assessment may give for any subsequent year of assessment a notice to withdraw that application, and where such a notice is given the application shall not have effect with respect to the year for which the notice is given or any subsequent year.

(3) A notice of withdrawal under this section shall be in such form and shall be made in such manner as may be prescribed by the Commissioners of Inland Revenue, and shall not be valid unless it is given within the period allowed by law for making, for the year for which the notice is given, applications similar to that to which the notice relates.

POWER OF SPECIAL COMMISSIONERS TO OBTAIN COPIES OF REGISTERS OF SECURITIES.

23.—(1) The Special Commissioners may cause to be served upon any body corporate a notice requiring them to deliver to those Commissioners within a specified time, being not less than twenty-one days, a copy, certified by a duly authorised officer of such body, of the whole of, or any specified class of entries in, any register containing the names of the holders of any securities issued by them.

(2) On delivery of the copy in accordance with the notice payment shall be made therefor at the rate of 5s. in respect of each one hundred entries.

(3) A notice under this section may be served by post.

(4) Where a notice served under this section is not complied with, the body in question shall, unless it is proved to the satisfaction of the Court that it was not reasonably possible to comply with the notice, be liable to a penalty not exceeding £50 and if after judgment has been given for that penalty the copy still remains undelivered, shall be liable to a further penalty of the like amount for every day during which the default continues.

(5) In this section the expression "security" includes shares, stock, debentures and debenture stock and the expression "entry" means, in relation to any register, so much thereof as relates to the securities held by any one person.

PROVISION AS TO COLLECTION OF TAX WHERE APPEAL PENDING AGAINST ASSESSMENT.

24. Notwithstanding that an appeal to the Special Commissioners is pending against an assessment to Income Tax under Schedule D, to super tax or to sur tax, such part of the tax assessed as appears to the Special Commissioners not to be in dispute shall be collected and paid in all respects as if it were tax charged by an assessment in respect of which no appeal was pending, and on the determination of the appeal any balance of tax chargeable in accordance with the determination shall be paid, or any tax overpaid shall be repaid, as the case may require.

AMENDMENT OF LAW RELATING TO SUMMARY RECOVERY OF INCOME TAX.

25.—(1) All or any of the sums due in respect of Income Tax from any one person and payable to any one collector (being sums which are by law recoverable summarily) may, whether or not they are due under one assessment, be included in the same complaint, summons, order, warrant or other document required by law to be laid before justices or to be issued by justices, and every such document as aforesaid shall, as respects each such sum, be construed as a separate document and its invalidity as respects any one such sum shall not affect its validity as respects any other such sum.

(2) Where the Income Tax due under any assessment is payable by instalments and the sum for the time being due and payable in respect of any of those instalments is less than £50, that sum shall be recoverable summarily under sect. 30 of the Finance Act, 1924, notwithstanding that the total sum for the time being due and payable under the assessment is equal to or exceeds £50, and it is hereby declared that the reference in sect. 22 of the Finance Act, 1928, to the provisions of the Income Tax Acts includes a reference to this sub-section.

(3) If a collector, who has commenced summary proceedings for the recovery of any Income Tax, dies or otherwise ceases for any reason to hold office as such, the proceedings may be continued in his name by any of his successors.

In cases to which this sub-section applies notice of the change shall as soon as may be be given by the successor to the person against whom the proceedings are pending.

LIMITATION ON AMOUNT OF SUR TAX PAYABLE IN RESPECT OF TOTAL INCOME OF INDIVIDUAL DYING WITHIN YEAR OF ASSESSMENT.

26.—(1) The amount of sur tax payable in respect of the total income of an individual for the year of assessment in which he dies shall not exceed the amount of sur tax which would have been payable if Income Tax had been chargeable for that year at the same rates as for the year preceding that year, and all such adjustments and repayments of tax shall be made as may be required in order to give effect to the provisions of this section.

(2) This section shall apply as respects sur tax charged for the year 1929-30 or for any subsequent year.

VALUATION FOR PURPOSES OF SCHEDULES A AND B TO BE MADE QUINQUENNIALLY IN GREAT BRITAIN.

27.—(1) There shall be a quinquennial revaluation of all properties in Great Britain in respect of which Income Tax is chargeable under Schedules A and B, and accordingly the annual values of all such properties shall be determined afresh for the purpose of assessment for the year 1931-32, and for each fifth succeeding year of assessment, in accordance with the enactments and rules applicable to the said Schedules respectively as modified by the next succeeding section.

(2) A year of assessment for which a revaluation of properties is directed by this section to be made is in this Act referred to as "a year of revaluation," and may be so referred to in any subsequent enactment relating to Income Tax and the year preceding a year of revaluation is in this Act referred to as "the preparatory year."

(3) The annual value of any property which has been adopted for the purpose of Income Tax under Schedules A and B for any year of assessment shall be taken as being the annual value of that property for the same purpose for the next year of assessment, unless that year is a year of revaluation.

28.—This section makes provision for expediting in England valuations and assessments for years of revaluation.

29.—This section makes provision as to parishes for purposes of assessment in England.

30.—This section relates to the appointment of General Commissioners in Scotland.

ANNUAL VALUE OF PROPERTY IN LONDON FOR PURPOSES OF INCOME TAX.

31.—(1) As from April 6th, 1931, sect. 45 of the Valuation (Metropolis) Act, 1869, shall cease to have effect in so far as it provides that the valuation list for the time being in force shall be conclusive evidence of values for the purposes of the Income Tax Acts, and as from the said date the annual value of any property in the administrative county of London shall, for the purposes of those Acts and subject to the provisions of this Act, be ascertained in accordance with the enactments applicable in the case of properties situate elsewhere in England.

(2) Notwithstanding anything in this section or any repeal effected by this Act, any amount paid by way of Income Tax in respect of the year 1930-31 or any previous year of assessment shall be subject to adjustment under sect. 44, or paragraph (10) of sect. 47, of the Valuation (Metropolis) Act, 1869, in the like cases and manner and with the like consequences as if all the provisions of that Act had continued in force.

32.—This section makes provision with respect to returns, copies of valuation lists and tax assessments in London.

PART III.

Estate Duty.

AMENDED RATES OF ESTATE DUTY.

33.—The scale set out in the Second Schedule to this Act shall in the case of persons dying after the commencement of this Act be substituted for the scale set out in the Fourth Schedule to the Finance Act, 1925, as the scale of rates of estate duty:

Provided that, where an interest in expectancy within the meaning of Part I of the Finance Act, 1894 (in this Part of this Act referred to as "the principal Act"), in any property (other than property deemed to pass on a death by virtue of the provisions of the next succeeding section but one of this Act) has, before April 14th, 1930, been *bona fide* sold or mortgaged for full consideration in money or money's worth, then no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if this Part of this Act had not passed, and in the case of a mortgage any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

ESTATE DUTY WHERE PROPERTY OF DECEASED HAS BEEN TRANSFERRED TO A COMPANY.

34.—(1) On the death after the commencement of this Act of any person who has, at any time after July 31st, 1918—

(i) Made to a company to which this Part of this Act applies, whether directly or indirectly, any such transfer as is specified in sub-sect. (2) of this section; and

(ii) Received within the prescribed period out of the resources or at the expense of the company, whether directly or indirectly, any such benefit as is so specified,

there shall be computed for each accounting year falling wholly or partly within the prescribed period the proportion which the total value of the benefits so received in the accounting year bears to the total income of the company in the accounting year, and, if the average of the proportions so computed exceeds 50 per cent., there shall for the purposes of estate duty be deemed to pass on the death (over and above any other property which passes or is deemed to pass thereon), such sum of money not exceeding the value of the total assets of the company as bears to the said value the same proportion as the said average proportion:

Provided that—

(*a*) The sum computed as aforesaid shall be reduced by the amount, if any, by which the principal value at the date of death—

(1) Of the subject of the transfer; or

(2) If the subject of the transfer has been sold or exchanged by the company, either of the subject of the transfer or of the property in the hands of the company which is or represents the proceeds of the sale or exchange

is shown to the satisfaction of the Commissioners of Inland Revenue to fall short of the said sum; and

(*b*) Notwithstanding anything in this section, the value of any property or any interest in property shall not be taken into account, directly or indirectly, for the purpose of assessment of estate duty more than once on the same death; and

(*c*) If the total assets of the company comprise any property which is by virtue of the next succeeding section deemed to pass on the death, there shall in computing the said proportions and ascertaining the sum of money, if any, which is deemed to pass by virtue of this section, be subtracted—

(1) From the value of the total assets of the company, the value of the said property as ascertained for the purposes of the next succeeding section;

(2) From the total income of the company in every accounting year and also from the total value of the benefits received by the deceased therein, a sum equal to so much of that total income as is ascribable to—

(i) That property; or

(ii) In a case where that property is deemed to pass as being or representing the proceeds of any other property, that other property or the proceeds thereof or any property representing those proceeds.

(2) The transfers referred to in the preceding subsection are transfers, whether made for consideration or not, of property (being property which, if it had been in the disposition of the deceased at his death, would have been property in respect of which estate duty would have been payable on the death) or any interest in any such property, other than—

(*a*) *Bona fide* sales where the consideration for the sale was received or receivable wholly by the deceased for his own use or benefit and was satisfied or to be satisfied in one or more of the following manners, that is to say, by a capital sum of a fixed amount or by shares in or debentures of the company;

(*b*) Transfers of or incidental to the transfer of a business, not being a business which substantially consists in holding, managing, developing or dealing in land situate in Great Britain;

(*c*) Transfers of, or of any interest in, property which by virtue of the next succeeding section is deemed to pass on the death;

(*d*) Transfers of patents or copyrights, or of any movable tangible property except money and securities;

(*e*) Transfers where either the deceased or the company is acting in the capacity of trustee, factor, agent, receiver, or manager;

and the benefits so referred to are—

(i) Any payments made, whether for consideration or not, to or for the benefit of the deceased, other than the following payments, that is to say:—

(1) Dividends in respect of shares in the company;

(2) Interest on, and repayments in respect of, money lent to the company;

(3) Payments of or on account of purchase money under a *bona fide* sale, where that purchase money is a capital sum of a fixed amount;

(4) Payments of or on account of royalties, not being royalties limited to cease at the death of the deceased:

ii) Any right in or enjoyment of any land.

(3) In ascertaining for the purposes of this section the value of a benefit—

(*a*) In the case of a benefit consisting of a payment, a deduction shall be made in respect of any Income Tax (other than sur tax) paid or borne by the deceased in respect of that payment; and

(*b*) The value of a benefit consisting of any right in or enjoyment of land shall be computed by reference to the annual value of that land as ascertained for purposes of Income Tax, due allowance being made in respect of any rent paid by the deceased.

(4) In ascertaining for the purposes of this section the total income for any accounting year of a company, the income of the company from any source shall be computed in accordance with the provisions of the Income Tax Acts relating to the computation of income from such a source, subject to the modification that the computation shall be made by reference to the actual income for the accounting year and not by reference to the income for any other period:

Provided that—

(*a*) No deduction shall be made in respect of any payment made to or for the benefit of, or any other benefit accorded to, the deceased, except dividends on preference shares in, and interest on money lent to, the company; and

(*b*) Subject to the provisions of the last preceding paragraph, deductions shall be made for—

(i) Income Tax paid or borne by the company; and

(ii) Interest on money lent to the company; and

(iii) Dividends on preference shares; and

(iv) Rents, royalties and other payments by the company on which Income Tax is deducted at source.

(5) Where the accounting years falling wholly or partly within the prescribed period do not coincide with the periods for which the accounts of the company are made up, the Commissioners of Inland Revenue may for the purpose of ascertaining the total income of the company for an accounting year divide any of the said periods and make such apportionments and aggregations of the income of the company as may be necessary, so, however, that any apportionments so made shall be made in proportion to the number of months or fractions of months in the respective periods for which the apportionment is made.

(6) In this section—

The expression "accounting year,"—

(*a*) In relation to a company which at the time of the death of the deceased person has made up accounts for a period of twelve months ending on a date within the twelve months next preceding the death, means a period of twelve months ending either on that date, or on the same day of the year in any previous year; and

(*b*) In relation to any other company, means a period of twelve months ending on such date within the twelve months next preceding the death as may be determined by the Commissioners of Inland Revenue or on the same day of the year in any previous year; and

The expression "the prescribed period" means the period which—

(i) Ends on the date on which the last accounting year ends; and

(ii) Begins three years before that date, or, if the company in question was not then in existence, on the day on which the company came into existence.

(7) Property which is deemed to pass on a death by virtue of the provisions of this section shall, notwithstanding anything in any Act, be an estate by itself, and shall not be aggregated with any other property.

ESTATE DUTY WHERE PROPERTY IN WHICH DECEASED HAD A LIFE-INTEREST IS TRANSFERRED TO A COMPANY.

35.—(1) Where at any time before the death of a person dying after the commencement of this Act any property in which the deceased had an estate or interest limited to cease at his death, was transferred by the deceased and the person interested in the remainder or reversion, whether directly or indirectly, and whether by one or more transactions, to or for the benefit of a company to which this Part of this Act applies, then unless—

(*a*) The transfer was made before August 1st, 1918; or

(*b*) The property was settled property and the interest of the deceased would in any case have failed by reason of his death before it would have become an interest in possession; or

(*c*) The share of the consideration payable to the deceased in respect of the transfer was satisfied otherwise than by an allotment of shares in the company or the grant to him by the company of an annuity or other right to receive periodical payments, not being payments on account of purchase money being a capital sum of fixed amount; or

(*d*) The deceased had at least three years before his death relinquished all interest in the property and had not at any time within those three years the possession or enjoyment (otherwise than under a lease or agreement for a lease at a rack rent) of any part thereof or of any benefit secured to him, whether by contract or otherwise, in relation to the relinquishment of his interest therein, and was not at any time within the said period in receipt of or entitled to any payment from the company, otherwise than in respect or on account of debentures or loans or purchase money being a capital sum of a fixed amount,

the property shall be deemed for the purposes of estate duty to pass on the death in like manner as if the estate or interest of the deceased therein had continued until the death:

Provided that where the property or any part thereof has been *bona fide* sold or exchanged by the company during the deceased's lifetime for full consideration in money or money's worth, the property or so much thereof as has been so sold or exchanged shall not be deemed to pass on the death, but in lieu thereof the proceeds of the sale or exchange or, as the case may be, the property which, at the time of death, represents those proceeds shall be deemed so to pass.

(2) In determining the value of any property deemed to pass under this section, there shall be deducted from the principal value thereof—

(*a*) So much of any sum borrowed by the company as has been applied by the company in the improvement of the property, and has not at the death been repaid by the company;

(*b*) A sum equal to the capital sum of money paid to the deceased as part of the consideration for the transfer; and where estate duty is payable

in connection with the death on any shares of or debentures in the company, a sum equal to the principal value of such of those shares or debentures as were transferred or allotted to the deceased in consideration of the transfer of the property.

(3) Property which is deemed to pass on a death by virtue of the provisions of this section shall, notwithstanding anything in any Act, be an estate by itself, and shall not be aggregated with any other property.

CHARGE OF DUTY AND POWERS OF RECOVERY.

36.—(1) The estate duty payable in respect of any property which is by virtue of the provisions of the two last preceding sections deemed to pass on the death of any person shall be a debt due from the company concerned to His Majesty.

(2) The company concerned shall be accountable for any such duty and shall, for the purpose of raising and paying that duty, have all the powers conferred on accountable persons by the principal Act, and if the duty or any part thereof is paid by the executor of the deceased it shall be repaid to him by the company.

(3) Where on the death of any person a claim for duty arises by virtue of any of the provisions of the two last preceding sections, the company concerned shall notify the Commissioners of Inland Revenue of the death of the said person, and any company wilfully failing to give such a notification shall be liable to a penalty not exceeding £500.

(4) The Commissioners of Inland Revenue may, for the purposes of carrying the two last preceding sections and the next following section of this Act into effect, require any company to which this Part of this Act applies to furnish to them within two months copies of such of the balance sheets and profit and loss or income and expenditure accounts, and such other particulars, as the Commissioners may reasonably require, and if any company fails to comply with the provisions of this sub-section—

(i) The company shall be liable to a penalty not exceeding £500, and every director, manager, secretary or other officer of the company who knowingly and wilfully authorises or permits the failure shall be liable to the like penalty; and

(ii) An order may be made against all or any of the directors of the company requiring them to comply with the requirements of the Commissioners in like manner as an order may be made against any person who is accountable for succession duty or legacy duty to deliver an account and the provisions of sect. 55 of the Crown Suits, &c., Act, 1865, and in Scotland the provisions of sect. 47 of the Succession Duty Act, 1853, shall apply accordingly, subject to the necessary modifications.

VALUATION OF SHARES IN CERTAIN COMPANIES.

37.—(1) Where there pass on the death of any person dying after the commencement of this Act, any shares (not being preference shares) in any company to which this Part of this Act applies, then if either—

(*a*) There is deemed by virtue of the provisions of this Part of this Act to pass on the death a sum of money computed by reference to the value of the total assets of the company; or

(*b*) The control of the company was immediately before the death in the hands of the deceased;

the principal value of those shares for the purposes of estate duty shall not be ascertained in the manner provided by sub-sect. (5) of sect. 7 of the principal Act, but shall be ascertained by reference to the value of the total assets of the company:

Provided that in cases falling within paragraph (*a*) of this sub-section, the value of the total assets of the company shall, for the purposes of this section, be deemed to be reduced by the sum of money therein referred to.

(2) For the purposes of this section the control of a company shall be deemed to be in the hands of a person if—

(*a*) By virtue of the shares which he controls he has control of more than half the voting power of the company; or

(*b*) He has by virtue of the provisions in the Memorandum of Association or Articles of the company, or other instrument whatsoever constituting or defining the constitution of the company, the powers of a board of directors or of a governing director or the right to nominate a majority of the directors or the power to veto the appointment of a director, or powers of the like nature; or

(*c*) He has otherwise the right to receive, or the power to dispose of, more than half of the income of the company.

(3) This section shall not apply to shares which have, within the period of twelve months immediately preceding the death of the deceased, been the subject of dealings on a recognised stock exchange in the United Kingdom or been quoted in the official list of such a stock exchange.

INTERPRETATION.

38.—In this Part of this Act the following expressions have the meanings hereby respectively assigned to them, that is to say—

"Company to which this Part of this Act applies" means any body corporate wheresoever incorporated, which either—

(i) Is so constituted as not to be controlled by its shareholders or by any class thereof; or

(ii) Has not issued to the public, or, in the case of a company which is about to make an issue of shares to the public, will not, when it has made that issue, have issued to the public, more than half of the shares by the holders whereof it is controlled:

"Shares" includes any interest whatsoever in a company, by whatsoever name it is called, analogous to a share, and the expression "shareholder" shall be construed accordingly:

"Preference share" means a share the holder whereof is entitled to a dividend at a fixed rate only:

"Value of the total assets of the company" means the principal value, ascertained in accordance with the provisions of sub-sect. (5) of sect. 7 of the principal Act, of all the assets of the company as a going concern, including goodwill, after deducting therefrom—

(i) The par or redemption value, whichever is the greater, of any debentures, debenture stock and preference shares of the company;

(ii) All debts of the company incurred or created *bona fide* for consideration in money or money's worth;

(iii) Such sum as on a just and fair computation represents any future or contingent liabilities of the company or any liabilities thereof which are uncertain in amount;

(iv) The amount of any reserve fund separately invested which is *bona fide* intended to be applied in payment of pensions to employees or otherwise for the benefit of them or their dependents or relatives, and in no other manner.

DEATH DUTIES ON PROPERTY SUBJECT TO AN ANNUITY WHICH HAS BEEN SURRENDERED.

39.—In the case of a person dying after the commencement of this Act, property which was subject to an

annuity or other periodical payment limited to cease on the death of the deceased shall, for the purposes of the principal Act be deemed to pass on the death of the deceased to the extent of the benefit which would accrue from the cesser of that annuity or other payment notwithstanding that the annuity or other payment has been surrendered, assured, divested or otherwise disposed of during the lifetime of the deceased, whether for value or not, to or for the benefit of the person entitled to the property, unless the surrender, assurance, divesting or disposition was *bona fide* made or effected three years before the death of the deceased and the person entitled to the annuity or other payment was not at any time within that period in receipt of any substituted annuity or other periodical payment limited to cease on his death, being an annuity or payment which was secured, whether by contract or otherwise, to him in return for the surrender, assurance, divesting or disposition.

EXEMPTION FROM DEATH DUTIES OF OBJECTS OF NATIONAL, SCIENTIFIC, HISTORIC OR ARTISTIC INTEREST.

40.—(1) Where there pass on the death of a person dying after the commencement of this Act any objects to which this section applies, the value of those objects shall not be taken into account for the purpose of estimating the principal value of the estate passing on the death or the rate at which estate duty is chargeable thereon, and those objects shall, while enjoyed in kind, be exempt from death duties.

(2) In the event of the sale of any objects to which this section applies, death duties shall, subject as hereinafter provided, become chargeable on the proceeds of sale in respect of the last death on which the objects passed and, as respects estate duty, at the rate appropriate to the principal value of the estate passing on that death upon which estate duty is leviable, and with which the objects would have been aggregated if they had not been objects to which this section applies, and the person by whom or for whose benefit the objects were sold shall be accountable for the duties and shall deliver an account for the purposes thereof within one month after the sale :

Provided that death duties shall not become chargeable as aforesaid if the sale is to the National Gallery, British Museum, or any other similar national institution, any university, county council or municipal corporation in Great Britain, or the National Art Collections Fund.

(3) The objects to which this section applies are such pictures, prints, books, manuscripts, works of art, scientific collections or other things not yielding income as on a claim being made to the Treasury under this section appear to them to be of national, scientific, historic or artistic interest.

(4) Nothing in this section shall affect the power of the Treasury under sub-sect. (2) of sect. 15 of the principal Act to remit death duties chargeable in respect of any objects to which that section applies.

PART IV.

Stamps.

AMENDMENT OF SECT. 55 OF FINANCE ACT, 1927.

41.—Sect. 55 of the Finance Act, 1927 (which grants relief from capital and transfer stamp duty in cases of reconstruction or amalgamation of companies) shall—

(1) As from the commencement of this Act have effect as if the words " in respect of which stamp duty has been paid " in sub-sect. (1) A (i) of the said section were not contained therein ; and

(2) Be deemed to have had effect up to the commencement of this Act as if after the said words there had been inserted the words " or relief has been allowed under the provisions of this section."

RELIEF FROM TRANSFER STAMP DUTY IN CASE OF TRANSFER OF PROPERTY AS BETWEEN ASSOCIATED COMPANIES.

42.—(1) Stamp duty under the heading " Conveyance or Transfer on Sale " in the First Schedule to the Stamp Act, 1891, shall not be chargeable on an instrument to which this section applies :

Provided that no such instrument shall be deemed to be duly stamped unless either it is stamped with the duty to which it would but for this section be liable, or it has in accordance with the provisions of sect. 12 of the said Act been stamped with a particular stamp denoting either that it is not chargeable with any duty or that it is duly stamped.

(2) This section applies to any instrument as respects which it is shown to the satisfaction of the Commissioners of Inland Revenue—

(*a*) That the effect thereof is to convey or transfer a beneficial interest in property from one company with limited liability to another such company ; and

(*b*) That either—

(i) One of the companies is beneficial owner of not less than 90 per cent. of the issued share capital of the other company ; or

(ii) Not less than 90 per cent. of the issued share capital of each of the companies is in the beneficial ownership of a third company with limited liability.

ABOLITION OF STAMP DUTY ON COPIES AND EXTRACTS OF PROBATE, &C.

43.—The stamp duty chargeable on copies or extracts, attested or in any manner authenticated, of or from the probate or probate copy of a will or codicil or of or from any letters of administration or confirmation of a testament shall cease to be chargeable.

EXEMPTION FROM STAMP DUTY ON RECEIPTS.

44.—The following exemptions shall be substituted for exemptions numbered (14) and (15) under the heading " Receipt given for, or upon payment of, money amounting to two pounds or upwards," in the First Schedule to the Stamp Act, 1891, as extended by sect. 8 of the Revenue Act, 1898 :—

" (14) Receipt given by or on behalf of an officer of a County Court, or, in Scotland, by or on behalf of a Sheriff Clerk, for money received by him from a party to any proceedings in Court.

" (14 (A)) Receipt given in respect of any sum payable as compensation under the Workmen's Compensation Act, 1925.

" (15) Receipt given by or on behalf of a clerk to justices or a magistrate or other person authorised to receive such payment, or in Scotland, any clerk of court of any Court of Summary Criminal Jurisdiction as defined by the Summary Jurisdiction (Scotland) Act, 1908, or other authorised person, for money received in respect of a fine or other sum ordered to be paid by a Court of Summary Jurisdiction, or as bail."

REMISSION OF STAMP DUTY IN RESPECT OF CAPITAL OF CERTAIN COMPANIES.

45.—(1) The stamp duty payable under sect. 112 of the Stamp Act, 1891 (which section imposes duties on the capital of limited liability companies), on the statement of the amount which was to form the nominal share capital of Imperial and International Communications, Limited, and the stamp duty payable under that section on the statement of the increase of the registered capital of that company which was effected by the resolution of the company passed on December 19th, 1929, are hereby remitted, and any sums paid in respect thereof shall be repaid to the company.

(2) The said sect. 112 shall not apply to the Bankers Industrial Development Company Limited, and any sums paid under that section in respect of that company shall be repaid to the company.

PART VI.

Miscellaneous.

CONSTRUCTION, SHORT TITLE, APPLICATION AND REPEAL.

53.—(1) Part I of this Act so far as it relates to duties of customs shall be construed as one with the Customs Consolidation Act, 1876 (except that the expression "the United Kingdom" in this Act shall not include the Isle of Man), and so far as it relates to duties of excise shall be construed as one with the Acts which relate to the duties of excise and to the management of those duties.

(2) Part II of this Act shall be construed as one with the Income Tax Acts.

(3) Part III of this Act shall be construed as one with the Finance Act, 1894.

(4) Part IV of this Act shall be construed as one with the Stamp Act, 1891.

(5) Any reference in this Act to any enactment shall be construed as a reference to that enactment as amended by any subsequent enactment, including this Act.

(6) This Act may be cited as the Finance Act, 1930.

(7) Such of the provisions of this Act as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(8) The enactments set out in the Third Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule, as from the dates specified therein.

SECOND SCHEDULE.

Scale of Rates of Estate Duty.

Principal Value of Estate.					Rate per cent. of Duty.
Exceeding	£100	and not exceeding	£500	..	1
„	£500	„ „	£1,000	..	2
„	£1,000	„ „	£5,000	..	3
„	£5,000	„ „	£10,000	..	4
„	£10,000	„ „	£12,500	..	5
„	£12,500	„ „	£15,000	..	6
„	£15,000	„ „	£18,000	..	7
„	£18,000	„ „	£21,000	..	8
„	£21,000	„ „	£25,000	..	9
„	£25,000	„ „	£30,000	..	10
„	£30,000	„ „	£35,000	..	11
„	£35,000	„ „	£40,000	..	12
„	£40,000	„ „	£45,000	..	13
„	£45,000	„ „	£50,000	..	14
„	£50,000	„ „	£55,000	..	15
„	£55,000	„ „	£65,000	..	16
„	£65,000	„ „	£75,000	..	17
„	£75,000	„ „	£85,000	..	18
„	£85,000	„ „	£100,000	..	19
„	£100,000	„ „	£120,000	..	20
„	£120,000	„ „	£150,000	..	22
„	£150,000	„ „	£200,000	..	24
„	£200,000	„ „	£250,000	..	26
„	£250,000	„ „	£300,000	..	28
„	£300,000	„ „	£400,000	..	30
„	£400,000	„ „	£500,000	..	32
„	£500,000	„ „	£600,000	..	34
„	£600,000	„ „	£800,000	..	36
„	£800,000	„ „	£1,000,000	..	38
„	£1,000,000	„ „	£1,250,000	..	40
„	£1,250,000	„ „	£1,500,000	..	42
„	£1,500,000	„ „	£2,000,000	..	45
„	£2,000,000		—	..	50

THIRD SCHEDULE.

PART I.

Enactments Repealed as from November 1st, 1930.

Session and Chapter.	Short Title.	Extent of Repeal.
16 & 17 Geo. 5, c. 22.	The Finance Act, 1926.	Part II.

PART II.

Enactments Repealed as from April 6th, 1931.

32 & 33 Vict. c. 67.	The Valuation (Metropolis) Act, 1869.	In sect. 45, the whole of paragraph (2); the words in paragraph (3) "to the sale of exciseable liquors"; and the words from "and in construing the Income Tax Act" to the end of the section.
8 & 9 Geo. 5, c. 40.	The Income Tax Act, 1918.	Sub-sect. (2) of sect. 116; Sub-sect. (4) of sect. 138; In that portion of the First Schedule which relates to tax under Schedule A; the paragraph immediately following the words "Rules applicable to Schedule A," and the proviso to Rule 1 of No. V; In that portion of the First Schedule which relates to tax under Schedule B; the paragraph immediately following the words "Rules applicable to Schedule B."
14 & 15 Geo. 5, c. 21.	The Finance Act, 1924.	In sub-sect. (2) of sect. 12 the words "In the case of premises to which the Valuation (Metropolis) Act, 1869, does not apply."

PART III.

In this Part numerous portions of the Valuation (Metropolis) Act, 1869, are repealed.

PART IV.

Enactments Repealed as from the Commencement of this Act.

Session and Chapter.	Short Title.	Extent of Repeal.
50 & 60 Vict. c. 28.	The Finance Act, 1896.	Sect. 20 (except as regards persons dying before the commencement of this Act).
10 Edw. 7 & 1 Geo. 5, c. 8.	The Finance (1909-10) Act, 1910.	Sect. 68 (except as regards persons dying before the commencement of this Act).
11 & 12 Geo. 5. c. 32.	The Finance Act, 1921.	Sect. 44 (except as regards persons dying before the commencement of this Act).
11 & 12 Geo. 5, c. 47.	The Safeguarding of Industries Act, 1921.	In sub-sect. (2) of sect. 1 the words "not being duties chargeable under Part II of this Act"; sects. 2 to 9; in sect. 11 the words "or are goods to which an order made under Part II of this Act applies."
16 & 17 Geo. 5, c. 22.	The Finance Act, 1926.	Proviso (*a*) of sub-sect. (1) of sect. 29 (except in relation to the year 1929-30).

New Issues and Official Quotations

Final Report of Stock Exchange Special Committee.

The text of the Report is reproduced below. The Interim Report, constituting Appendix No. 2, was published in our July issue and is therefore not repeated here.

The Committee for General Purposes by a Resolution dated January 27th, 1930, appointed a Special Sub-Committee with the terms of reference as follows :—

> That in view of the criticism both inside and outside the Stock Exchange on the subject of the requirements for Permission to Deal a Sub-Sub-Committee on New Issues and Official Quotations be appointed to confer with the Solicitor and the Secretary to the Share and Loan Department with the object of considering whether the Regulations could be strengthened, the Sub-Sub-Committee to have full powers to enable it to consider the subject in its widest possible aspect and to take evidence both from inside and outside the House.

The Special Sub-Committee met on 35 occasions and has had the advantage of taking evidence both from various Associations comprising the Banking, Legal, Accountancy, and Secretarial professions, and from individuals both inside and outside the Stock Exchange. The evidence so given has been of great value and the Chairman and Members of the Special Sub-Committee desire to express their deep appreciation of the willing assistance given by all those to whom reference has been made.

The Report is divided into two main sections. Section I deals more especially with measures intended to prevent, so far as possible, future frauds of the Hatry character.

Section II deals with recommendations to strengthen the existing rules regarding Permission to Deal in view of the large number of flotations in 1928 and 1929 which proved disastrous to the investor.

Section II has been further sub-divided as it is considered convenient, in some instances, not to alter the existing rules, but rather to define a policy for the guidance of the Sub-Committee on New Issues and Official Quotations. In Appendix 3 to this Report, therefore, is laid down a memorandum relating to policy.

The Special Sub-Committee issued an Interim Report dealing with Section I on May 23rd and this as presented to the Committee for General Purposes is contained in Appendix 2 to this Report. *It will be noted that some of the provisions of this Interim Report are not now recommended.*

SECTION I.

Issue of Fraudulent Documents.

PART I.—COMPANIES.

PART II.—MUNICIPAL ISSUES.

At the outset, the Committee desires to stress the fact that the existing system and procedure regarding the transfer of securities on the Stock Exchange has worked with little fault for a great number of years, and has furnished an efficient and speedy method of settling transactions. Although the effect of the Hatry frauds was probably felt throughout all the big financial centres of the world, yet, as the risk attaching to temporary documents was thereby made evident, the Committee cannot conceive that frauds of such magnitude, and of this particular character, can be perpetrated with such ease in the future. The Committee, therefore, after full consideration of every suggestion put before it, has come to the definite conclusion that any attempt at revolutionary change is unnecessary and inadvisable.

The Committee feels, however, that steps should be taken to limit the currency of temporary documents and to that end will make the following regulations regarding these and other documents by which the settlement of transactions is effected.

PART I.—COMPANIES.

I.—ALLOTMENT LETTERS, RENOUNCEABLE ALLOTMENT LETTERS AND LETTERS OF RIGHTS.

1. Allotment Letters must be numbered serially; and the period for renunciation of fully-paid Shares must not exceed six weeks' maximum and of partly-paid Shares one month after the date of the final call.

2. The form of renunciation for allotment letters and letters of rights must be printed on the back of, or attached to, the document in question. (Split allotment letters and split letters of rights must be certified by an official of the company.)

3. All such documents must be printed on good quality paper. If the quality of the paper or the nature of the document is unsatisfactory, the Committee may refuse to grant Permission to Deal until the Definitive document is ready.

II.—TRANSFER RECEIPTS AND BALANCE TICKETS.

The Committee feels that the very simplicity of these documents is a protection in itself, and as they are, in the main, under the full control of a Member, the Committee does not consider that any regulation regarding them is needed.

III.—CERTIFIED TRANSFERS.

It is probable that more than half the Account in Registered Shares is settled by Certified Transfers. It is known that a part of the Hatry defalcations was made possible by irregular certification. Therefore the Committee has decided that these documents should come more under Stock Exchange control, and to this end arrangements are being made whereby the Share and Loan Department, by gradual stages, will undertake the certification of transfers, not only of Stock quoted in the Official List as at present, but also of Unquoted Stock and of Quoted and Unquoted Fully-paid Shares. Arrangements will also be made to accept as " good delivery " transfers certified at such Associated Stock Exchanges as adopt proper safeguards.

Although it would be inconvenient to rule that a transfer certified at a Company's Office is bad delivery, the Committee wish to impress upon Members the desirability from the point of security of adopting the facilities for certification which will be offered by the Share and Loan Department.

IV.—DEFINITIVE DOCUMENTS.

The Committee will require Companies to undertake to issue the Definitive Certificate within one month (in place of two months as allowed by the Companies Act, 1929) of the date of the lodgment of the transfer and to issue balance Certificates if required within the same period.

The following points in connection with these documents also arise :—

V.—NOTIFICATION TO TRANSFEROR.

The Committee will require Companies to undertake to notify the Shareholder as soon as a transfer out of his name has been certified by the Company's Officials, or notification of Certification has been received from the Share and Loan Department or any Associated Stock Exchange.

VI.—AUDIT OF ALLOTMENTS, &C.

The Committee places great importance on the value of the audit of allotments, and of transfers, either by internal auditors or by members of the recognised accountancy professions. The Committee does not consider it practicable to make any definite regulations on this point, but in future the methods each Company adopts will be noted in *The Stock Exchange Official Intelligence*. The Committee also considers that the auditors' Annual Certificate should state that the Share Register has been checked and that the number of Shares issued agreed with that shown in the Balance Sheet.

PART II.—MUNICIPAL ISSUES.

The part of the Hatry frauds which largely affected the Public was in Municipal Securities. The resultant loss to the ratepayers has been severe and the Committee therefore considers that further special precautions are necessary regarding issues of this character. At the same time it would greatly prejudice the ratepayers were any regulations made by the Committee, or other authorities, which would, in effect, limit the market in which a Corporation could borrow. The Committee, however, considers that there should be certain additional safeguards with regard to future issues by Municipalities, and proposals regarding these have been submitted to the authorities concerned and are now under consideration.

SECTION II.

Regulations Pertaining to Applications for Permission to Deal.

In this connection the matters which have engaged the attention of the Committee are :—

A.—Companies which do not issue a Prospectus but whose Shares are introduced on the Stock Exchange after an advertisement has been published in accordance with Appendix 34B (hereinafter referred to as "Non-Prospectus" Companies).

B.—Underwriting Agreements.

C.—Vendors' Shares.

D.—Other general regulations to strengthen the rules regarding Permission to Deal.

A.—NON-PROSPECTUS COMPANIES.

There has lately been a misuse of the facilities whereby a Company can make a market in its Shares without ever having issued a Prospectus.

For some years the Committee has had a rule whereby, as a condition precedent to the grant of Permission to Deal, certain particulars must be published in the newspapers so that the Public can learn something of the history and prospects of the Company before they purchase the Shares on the Stock Exchange, and the fact that this rule was in existence may have influenced the authorities when they framed the first proviso to the "Share-pushing" Clause (Clause 356) of the Companies Act, 1929, and thereby exempted an offeror from publishing the required particulars if, in fact, the Shares so offered were dealt in on a recognised Stock Exchange.

This method of introducing a new issue to the public has been growing in practice of late years and in some cases has been greatly abused by Companies whose prospects did not admit of their obtaining Capital from the Public by means of a Prospectus.

The Committee therefore will revise the requirements contained in Appendix 34B, and has divided the advertisement into four categories :

I. For Companies which have no record and have not issued at least two annual reports and accounts. These regulations are intentionally stringent and, in fact, require more information to be published than would be neeessary in the case of a Prospectus.

II. For Companies which have a record and whose accounts have been published for two years or more.

III. For Companies whose Shares are already known on the Stock Exchange and who are making an issue of a different character from the Shares already dealt in.

IV. For Government and Municipal Loans and issues by Statutory Boards or Companies.

The advertisement will also have an altered heading, will be signed by all Directors, and a certified copy of the Resolution approving the advertisement (together with the signed copy) will be deposited with the Share and Loan Department.

These Regulations are contained in Appendix 4 to this Report.

The Committee has always had in view the paramount necessity of not doing anything which would in any way hamper or stifle genuine business enterprises, and the Regulations now made will only be restrictive to the extent of keeping the Shares of

immature Companies off the market, and thus protecting the public from investing their money in concerns which have not at that date the right to command public support.

B.—Underwriting Agreements.

The form of underwriting agreements was the subject of full consideration and was viewed from every aspect. The present form whereby, if a sub-underwriter is accepted by the Company, the main underwriter is relieved from responsibility, has been the chief cause of disaster to some of the 1928 and 1929 flotations. It can perhaps be argued that this transfer of liability should be made impossible, and the main underwriter should not be relieved until all the sub-underwriters had taken up and paid for their Shares in full. But the evidence taken by the Special Sub-Committee has shown that such a provision would undoubtedly hamper business and, in the case of large issues, would make underwriting very difficult, if not practically impossible.

For many years the system of underwriting and sub-underwriting has proved perfectly satisfactory. The recent failure of underwriters and of sub-underwriters, although by no means negligible, has been, comparatively, very small, and the Committee has come to the conclusion that it is practically impossible to frame effective and at the same time workable regulations, which would act as an efficient bar to undesirable underwriting and at the same time leave unfettered that which is beyond reproach.

The Committee can only impress upon Members, especially those who sponsor an issue, that it is their obvious duty to examine carefully the quality of the underwriting and sub-underwriting. The Investor, too, before subscribing should invariably satisfy himself as to the financial stability of the underwriting firm, and whenever it appears that the issue has been sub-underwritten, he should make inquiry as to how this has been placed.

The Committee, as will be seen later, will take certain steps if underwriting proves to be unsatisfactory and as indicated in Appendix 4 to this Report will require the inclusion of particulars in the advertisement of non-prospectus Companies of small or unknown underwriting Companies. It would be desirable if such particulars were also given in a Prospectus, and the attention of Issuing Houses, Banks, Auditors and others who allow their names to be given in a Prospectus is directed to this point.

The Committee also calls attention to the altered wording of the regulations regarding underwriting contained in Appendix 34A, Clause 9. (Appendix 4 to this Report.)

The Committee also desires to point out to Members that the Secretaries to the Committee on New Issues and Official Quotations, and the Share and Loan Department have considerable data regarding underwriting Companies and Syndicates and the Directors connected therewith, and useful information can generally be gained by Members making inquiry at these Departments.

C.—Vendors' Shares.

The Committee heard arguments in favour of re-imposing and amending the old "Vendors' Shares" Rule, whereby Shares allotted to a Vendor in consideration of a sale of assets to a Company could not be dealt in for six months. The objections to reinstating this Rule, in any form, are too numerous to detail, but the Committee is of opinion that the proposals herein made will largely tend to diminish any manipulation of Vendors' Shares, and that its reinstatement would be a retrograde step. Inasmuch as a Stock Exchange is the recognised market for Stocks and Shares, any restrictions on Dealings in a portion of the Share Capital, which is in all respects identical with that portion in which dealings have been permitted, must tend to divert the disposal of the restricted Shares into undesirable channels.

D.—General Regulations.

The following general regulations will be put into force :—

1. Decisions of the Committee regarding :
   - i. Rejections of applications for Permission to Deal ;
   - ii. Withdrawal or suspension of Permission to Deal ;
   - iii. Withdrawal or suspension of Permission to Record Bargains ;

will be posted in the House, and, when ordered by the Committee, be communicated to the Exchange Telegraph Company for announcement on the tape.

2. In addition to the powers contained in Rule 164 (2) and (3) the Committee may suspend the record of bargains or suspend or withdraw Permission to Deal in the case of a Company which fails to publish a Statutory or Annual Report within the prescribed period or in the case of serious default by underwriters or sub-underwriters in meeting their commitments.

3. It will be a condition precedent to the grant of future applications for Permission to Deal that the Company gives the following undertakings :—

- i. To notify the Share and Loan Department, without delay, of any change in the Directorate whether by death, resignation or removal.
- ii. To notify the Share and Loan Department, without delay, of any extension of time granted for the currency of temporary documents.
- iii. To forward to the Share and Loan Department
  - (*a*) Three copies of the Statutory and Annual Report and Accounts as soon as issued (unless such provision is contained in the Articles of Association) ;
  - (*b*) Three copies of all Resolutions increasing the Capital and all notices relating to further Issues of Capital, call letters or any other circulars at the same time as they are sent to the Shareholders ;
  - (*c*) Three copies of all Resolutions passed by the Company in General Meeting other than Resolutions passed at an Ordinary General Meeting for the purpose of adopt-

ing the Report and Accounts, declaring dividends, and re-electing Directors and Auditors; and

(*d*) To advise the Share and Loan Department by letter of all dividends recommended or declared immediately the Board Meeting has been held to fix the same.

Such new rules as will give effect to the above are inserted, and the consequent amendments to Appendix 34 A and B, are reproduced in Appendix 4 to this Report.

Appendix 35, which deals with regulations regarding application for an official quotation, will require revision. But as no change in policy is involved the proposed amendments are not brought within the confines of this Report.

An offer by Prospectus is governed by new law as contained in the Companies Act, 1929, which was the outcome of the recommendations made by the Greene Committee. Consequently it has only been necessary to make slight alterations in the Committee's requirements for the grant of Permission to Deal in such issues; the present proposals therefore deal principally with "non-prospectus" Companies.

The Committee realises that it would be unreasonable to insist that these regulations should have a retrospective effect, and so apply to all Companies whose securities are now dealt in on the Stock Exchange. The Committee has, however, every confidence that Directors and Secretaries of Companies, Banks and Issuing Houses will co-operate with the Committee and carry out the regulations herein made which have been framed solely to create greater security in dealings and for the protection of the Public.

So far as concerns future applications for an Official Quotation of Securities already dealt in, as also for Permission to Deal in new issues of existing Companies, the Committee will require undertakings to carry out the obligations herein imposed.

APPENDIX 1.

This sets out the terms of Reference which will be found at the beginning of this Report.

APPENDIX 2.

This is the Interim Report which was published in our July issue.

APPENDIX 3.

MEMORANDUM OF POLICY.

The three main points in this Memorandum which affect Companies and the investing public are to the following effect:—

1. The Committee will, in general, be disinclined to grant Permission to Deal in the Shares of a Subsidiary Company until after the publication of the first Annual Report of the Parent Company and the fact that the principal asset is a patent, new process or invention, or undeveloped commercial enterprise will weigh largely with the Committee in considering its decision on this point.
2. Where the estimated or actual preliminary expenses, including stamp duty, underwriting and fees to promoters or others for services rendered form an undue percentage of the Capital it is proposed to raise, the Committee will defer consideration of an application for Permission to Deal until after the publication of the first Annual Report and Accounts.
3. The Committee will, in future, give greater consideration to the desirability or not of allowing bargains in New Issues to be recorded in the Supplementary List. This will apply more particularly to Companies which do not issue a Prospectus.

APPENDIX 4.

AMENDMENTS TO RULE 159.

The following will be added as Rule 159 (3) and (4):—

159 (3) The decisions of the Committee regarding:—

i. Rejections of applications for Permission to Deal;

ii. Withdrawal or suspension of Permission to Deal;

iii. Withdrawal or suspension of Permission to Record Bargains in accordance with Rules 159 (4) and 164 (3)

will be posted in the House and, when ordered by the Committee, communicated to the Exchange Telegraph Company for announcement on the tape.

(4) In addition to the powers contained in Rule 164 (2) and (3) the Committee may suspend the record but order that bargains be marked or suspend or withdraw Permission to Deal in the case of a Company which fails to publish a Statutory or Annual Report within the prescribed period or in the case of serious default by underwriters or sub-underwriters in meeting their commitments.

APPENDIX 34.

A.—The following documents and particulars should be sent to the Secretary of the Share and Loan Department, when application is made for Permission to Deal:—

1. (*a*) Certificate of Incorporation (in the case of a Company registered abroad notarially certified copy or translation of Certificate of Incorporation and of Bye-Laws), (*b*) the Certificate entitling the Company to commence business (if required), and (*c*) Memorandum and Articles of Association and copy or draft of Trust Deed (if applicable).

2. Copy of Resolutions authorising issue.

3. Certified Copy of Agreement relating to issue of Shares credited as fully-paid and of any other contracts mentioned in Prospectus.

4. In the case of an issue for cash, copy of Prospectus, Offer for Sale or Circular of Issue, stating all material conditions relating to the flotation of the Issue, and (in the case of a new Company) to the formation of the Company and if publicly advertised, copy of principal London newspaper in which the full Prospectus was advertised. In the case of an issue by Prospectus, Offer for Sale, or Circular it must be stated whether any Shares are under option and, if so, at what prices, when such options expire and the consideration (if any) given for such options.

5. Specimen (or advance proof) of Allotment Letter, and, if possible, of Scrip and Definitive Certificates. Allotment Letters must be serially numbered and be printed on good quality paper. Any Renunciation Letter attached to an Allotment Letter for fully-paid Shares must not be current for a period exceeding six weeks and for partly-paid Shares for a period exceeding one month from the

date of the final call. The form of renunciation on Allotment Letters (and letters of rights) must be printed on the back of or attached to the document in question. Split Allotment Letters and Split Letters of Rights must be certified by an Official of the Company.

Note.—In cases where a Government, Municipality or Company have sold an issue of Stock which is subsequently offered to the Public, a certified copy of the Resolution or other document, evidencing that the Purchasing House has received due authority to issue the scrip on account of the Government, Municipality or Company, must be supplied. If no such authority has been given, the scrip must be enfaced "Contractor's Scrip."

In order to facilitate the certification of transfers it is suggested that the Allotment Letters should contain the distinctive numbers of the Shares to which they relate.

6. Letter (*a*) giving distinctive numbers :—

(1) Of shares for which Permission to Deal is being applied for, distinguishing those to be allotted :—

(*c*) For Cash ;

(*v*) To Vendors or others for a consideration other than Cash or in exchange for Cash ;

(*o*) In pursuance of an option.

(2) Giving number of Shares unissued or for which Permission to Deal is not applied for, distinguishing those :—

(*v*) Allotted to Vendors or others for a consideration other than Cash or in exchange for Cash ;

(*o*) Under option ;

(*r*) Reserved for future issue.

(3) In the case of a further issue stating whether or not the Shares are identical* in all respects with existing Shares.

7. Approximate date when Definitive Certificates will be ready for issue.

8. List of allottees or present holders—name, address and holding (when required).

9. In all cases other than Government and Municipal Loans, and issues by Statutory Boards, Companies incorporated by Special Act of Parliament and other similar authorities, whether the issue is made by Prospectus or otherwise, particulars of any underwriting or commission must be disclosed and a copy of the underwriting agreement and of sub-underwriting letter, if any, together with (if required) a list containing the names, addresses and descriptions of sub-underwriters and the amount sub-underwritten must be lodged with the Department.

10. An undertaking under the seal of the Company in the following form and to the following effect (printed copies of such undertaking are available in the Share and Loan Department) :—

(1) To split letters of allotment and if a "rights" issue to split letters of rights, and to have any such "splits" certified by an Official of the Company.

(2) To issue the Definitive Certificates within one month of the date of the lodgment of the transfer and to issue balance Certificates, if required, within the same period.

(3) To notify the Share or Stockholder as soon as a transfer out of his name has been certified by the Company's Officials or notification of Certification has been received from the Share and Loan Department or any Associated Stock Exchange.

(4) To issue all allotment letters simultaneously, numbered serially, and in the event of its being impossible to issue letters of regret at the same time to insert in the Press a Notice to that effect, so that the Notice shall appear on the morning after the Letters of Allotment have been posted.

(5) To certify transfers against Allotment Letters.

(6) Where power has been taken in the Articles to issue Share Warrants to Bearer, in the event of the Company deciding to make such an issue : (i) to issue such Warrants in exchange for Registered Shares within three weeks of the deposit of the Share Certificates ; and (ii) to certify transfers against the deposit of Share Warrants to Bearer.

(7) To notify the Share and Loan Department without delay :—

i. Of any changes in the Directorate by death, resignation or removal ;

ii. Of any extension of time granted for the currency of temporary documents.

(8) To forward to the Share and Loan Department :—

(*a*) Three copies of the Statutory and Annual Report and Accounts as soon as issued (unless such provision is contained in the Articles of Association).

(*b*) Three copies of all Resolutions increasing the Capital and all notices relating to further issues of Capital, call letters or any other circular at the same time as sent to the Shareholders.

(*c*) Three copies of all Resolutions passed by the Company in General Meeting other than Resolutions passed at an Ordinary General Meeting for the purpose of adopting the Report and Accounts, declaring dividends, and re-electing Directors and Auditors ; and

(*d*) To advise the Share and Loan Department by letter of all dividends recommended or declared immediately the Board Meeting has been held to fix the same.

B.—In the absence of any Prospectus publicly advertised in this country, or circular to Shareholders, the Committee will also require an advertisement in two leading London Morning papers giving all material conditions relating to the formation of the Company and to the flotation of the Issue, and headed as under :—

"This notice is not an invitation to the Public to subscribe, but is issued in compliance with the

* A statement that Shares are in all respects identical is understood to mean that :—

(1) They are of the same nominal value, and that the same amount per Share has been called up.

(2) They carry the same rights as to unrestricted transfer, attendance and voting at meetings, and in all other respects.

(3) They are entitled to dividend at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each Share will amount to exactly the same sum.

Regulations of the Committee of the Stock Exchange, London, for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given."

The advertisement must be in the appropriate form I, II, III, or IV herein.

A copy of the advertisement must be signed by or (with the consent of the Committee) on behalf of all the Directors and a signed copy together with a properly certified copy of the Resolution of the Board of the Company approving and authorising the advertisement must be lodged with the Share and Loan Department, except that in the case of Foreign Companies the Committee may dispense with a copy of the advertisement so signed on receiving satisfactory evidence that it has been approved and authorised by a Resolution of the Board of the Company.

A copy of each of the Newspapers in which the advertisement appears must be supplied.

I.

In the case of a Company (other than a Company incorporated by special Act of Parliament) no part of whose Share or Loan Capital is already dealt in or quoted on the Stock Exchange, and (*b*) whose Annual Accounts for at least two years have not been made up and audited, the statement required to be advertised by Appendix 34B must contain the following information :—

(1) How, when and where the Company was incorporated.

(2) The principal objects of the Company.

(3) In the case of a Company not incorporated in the United Kingdom, whether it has or has not a place of business in the United Kingdom, and the address of the principal place of business in the United Kingdom (if any).

(4) The names, addresses and descriptions of the Directors.

(5) The name, address and professional qualification of the Auditors.

Note.—Qualification means Chartered Accountant, Incorporated Accountant, &c.

(6) The names and addresses of the Bankers, London Brokers and Secretary, and situation of Registered Office.

(7) The nominal capital of the Company, the amount issued or agreed to be issued, the amount paid up and, where there is more than one class of share, the rights of each class of share as regards dividend, capital and voting.

(8) Particulars of any loan capital created and the amount issued and outstanding or agreed to be issued, and of the rights conferred upon the holders thereof and the obligations undertaken by the Company in respect thereof, and short particulars of any mortgages and charges subsisting on any part of the Company's assets.

(9) In the case of share or loan capital issued or agreed to be issued for cash, the price and terms upon which the same has been or is to be issued and (if not already fully paid) the dates when instalments are payable with the amount of all calls or instalments in arrear.

(10) The provisions of the Articles of Association, Bye-Laws or other corresponding document with regard to :—

(*a*) Qualification of Directors.

(*b*) Remuneration of Directors or other similar body.

(*c*) Any provisions enabling the Directors to vote remuneration to themselves or any members of their body.

(*d*) Any provisions with regard to the borrowing powers of the Directors and how such borrowing powers can be varied.

(11) Particulars of any preliminary expenses incurred or proposed to be incurred.

(12) A statement setting out clearly the working capital with which the Company started or is to start business, additions (if any) since made and whence derived, and the amount available at the date of the statement for working capital, after providing for all purchase considerations, promotion profits, preliminary expenses, losses, and interest or dividend payments to date, with a statement by the Directors that in their opinion the working capital available is sufficient, or, if not, how it is proposed to provide the additional working capital thought by the Directors to be necessary.

(13) Particulars of the Share or Loan Capital that has been issued or is proposed to be issued fully or partly paid up otherwise than in cash and the consideration for which the same has been issued or is proposed to be issued.

(14) The names and addresses of the vendors of any property purchased or acquired by the Company or proposed to be purchased or acquired on capital account and the amount paid or payable in cash, shares or securities to the vendor and, where there is more than one separate vendor or the Company is a sub-purchaser, the amount so paid or payable to each vendor and the amount (if any) payable for goodwill.

(15) The amount of any cash, shares or securities paid or proposed to be paid to any Promoter and the consideration for such payment.

(16) Particulars of any commissions, discounts, brokerages or other special terms granted to any persons in connection with the issue or sale of any of the Share or Loan Capital of the Company.

(17) A statement of the issued share capital of any Company acting as Promoter or principal underwriter; the amount paid up thereon; the date of its incorporation; the names of its Directors, Bankers and Auditors; and such other particulars as the Committee think necessary in connection therewith, unless particulars of such Company are contained in the issue of *The Stock Exchange Official Intelligence* current at the date of the publication of this advertisement.

(18) The dates of and parties to all material contracts with a description of the nature of the Contracts not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by the Company.

(19) Particulars of any of the Share or Loan Capital of the Company which is under option, or agreed to be put under option, with the price and term of the option and consideration for which the option was granted.

(20) Full particulars of the nature and extent of the interest (if any) of every Director in the promotion of, or the property proposed to be acquired by, the Company, and, where the interest of such a Director consists of being a partner in a firm, the nature or extent of the interest of the firm.

(21) A statement of all sums paid or agreed to be paid to any Director or to any firm of which he is a member in cash or shares or otherwise by any person either to induce him to become or to qualify him as a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

(22) A statement certified by the Company's Auditors as to the periods (if any) for which the Company's accounts have been made up and audited and particulars of the Share or Loan Capital subscribed and the cash actually received by the Company in connection therewith, also particulars of all dividends paid and amounts carried forward or carried to reserve out of the profits as shown in the Accounts in respect of any of such periods.

(23) A copy of the last audited Balance Sheet and Profit and Loss Account with a copy of the Auditors' Certificate and any notes or observations in or on the Balance Sheet required to be published by any Act of Parliament relating to the Company.

(24) If the Company has acquired or is proposing to acquire any business, a report by the Accountants named in the advertisement upon the profits of the business proposed to be acquired for each of the three financial years for which accounts have been made up immediately preceding the date of the advertisement.

(25) A reasonable time (not being less than seven days) during which and a place in the City of London at which a copy of the Memorandum and Articles of Association of the Company, any Statute or Orders having statutory effect affecting the Company, copies of all material contracts, Trust Deed (if any) referred to in the advertisement, and copies of all the audited accounts of the Company since its formation with the Auditors' certificates, copies of all other reports and Accounts referred to in the advertisement, and all notes or information required to be given by the Companies Act affecting such accounts can be inspected by any member of the public during usual business hours.

Note 1.—In the case of foreign Companies, the documents to be offered for inspection will be the documents corresponding to those above mentioned in the case of British Companies, and where such documents are not in the English language notarially certified translations thereof must be available for inspection.

Note 2.—In cases where it is contended that contracts cannot be offered for inspection without disclosing to trade competitors important information which might be detrimental to the Company's interests, application can be made to the Committee to dispense with the offering of such documents for inspection.

Note 3.—In any case where information is not given under any of the above heads Nos. 11, 13, 14, 15, 16, 19, 20 and 21, the advertised particulars must state that no such payments have been made or explain why the information is not given

II.

In the case of a Company (other than a Company incorporated by Special Act of Parliament): (*a*) no part of whose Share or Loan Capital is already dealt in or quoted on the Stock Exchange; and (*b*) whose annual accounts for at least two years have been made up and audited, the statement required to be advertised by Appendix 34B must contain the following information:—

(1) How, when and where the Company was incorporated.

(2) The principal objects of the Company.

(3) In the case of a Company not incorporated in the United Kingdom, whether it has or has not a place of business in the United Kingdom and the address of the principal place of business in the United Kingdom (if any).

(4) The names, addresses and descriptions of the Directors.

(5) The name, address and professional qualification of the Auditors.

Note.—Qualification means Chartered Accountant, Incorporated Accountant, &c.

(6) The names and addresses of the Bankers, London Brokers and Secretary, and the situation of the registered office.

(7) The nominal capital of the Company, the amount issued or agreed to be issued, the amount paid up and, where there is more than one class of share, the rights of each class of share as regards dividend, capital and voting.

(8) Particulars of any Loan Capital created and the amount issued and outstanding or agreed to be issued and of the rights conferred upon the holders thereof and the obligations undertaken by the Company in respect thereof and short particulars of any mortgages and charges subsisting upon any part of the Company's assets.

(9) In the case of Share or Loan Capital issued or agreed to be issued for cash within twelve months of the date of the advertisement, the price and terms upon which the same has been or is to be issued, and, if not already fully paid, the dates when instalments are payable with the amount of all calls or instalments in arrear.

(10) The provisions of the Articles of Association, Bye-Laws or other corresponding document with regard to the borrowing powers of the Directors and how such borrowing powers can be varied.

(11) A statement that in the opinion of the Directors the Company has sufficient working capital for the purposes of its business or, if not, showing how the necessary working capital is to be provided.

(12) Particulars of the Share or Loan Capital that has, within two years preceding the date of the advertisement, been issued or is proposed to be issued fully or partly paid up otherwise than in cash and the consideration for which the same has been issued or is proposed to be issued.

(13) The names and addresses of the vendors of any property purchased or acquired by the Company or proposed to be purchased or acquired on capital account within two years preceding the date of the advertisement and the amount paid or payable in cash, shares or securities to the vendor and, where there is more than one separate vendor or the Company is a sub-purchaser, the amount so paid or payable to each vendor and the amount (if any) payable for goodwill.

(14) Particulars of any commissions, discounts, brokerages or other special terms granted within two years preceding the date of the advertisement to any persons in connection with the issue or sale of any stocks, shares or securities of the Company.

(15) The dates of and parties to all material contracts with a description of the nature of the contract entered into within the two years preceding the date of the advertisement not being contracts entered into in the ordinary course of the business

carried on or intended to be carried on by the Company.

(16) Particulars of any of the Share or Loan Capital of the Company which is under option, or agreed to be put under option, with the price and term of the option and consideration for which the option was granted.

(17) Either a copy or with the approval of the Committee a summary of the last audited Balance Sheet and Profit and Loss Account with a copy of the Auditors' certificate and any notes or observations in or on the Balance Sheet required to be published by any Act of Parliament relating to the Company.

(18) A statement certified by the Company's Auditors giving particulars of the Share or Loan Capital subscribed and the cash actually received by the Company in connection therewith within twelve months preceding the date of the advertisement, also particulars of all dividends paid and amounts carried forward or carried to reserve out of the profits in respect of each of the two financial years preceding the advertisement for which accounts have been made up and audited.

(19) A reasonable time (not being less than seven days) during which, and a place in the City of London at which a copy of the Memorandum and Articles of Association of the Company, any Statute or Order having statutory effect affecting the Company, copies of all material contracts, Trust Deed (if any) referred to in the advertisement, and copies of the audited accounts of the Company for each of the two financial years preceding the date of the advertisement for which accounts have been made up and audited with the Auditors' certificates, copies of all other Reports and Accounts referred to in the advertisement, and all notes or information required to be given by the Companies Act affecting such accounts can be inspected by any member of the public during usual business hours.

Note 1.—In the case of foreign Companies the documents to be offered for inspection will be the documents corresponding to those above mentioned in the case of British Companies, and where such documents are not in the English language notarially certified translations thereof must be available for inspection.

Note 2.—In cases where it is contended that contracts cannot be offered for inspection without disclosing to trade competitors important information which might be detrimental to the Company's interests, application can be made to the Committee to dispense with the offering of such documents for inspection.

Note 3.—In any case where information is not given under any of the above heads, Nos. 12, 13, 14 and 16, the advertised particulars must state that no such payments have been made or explain why the information is not given.

III.

In the case of a Company (other than a Company incorporated by special Act of Parliament) where leave to deal in or a quotation for any of its Share or Loan Capital has already been granted, the statement required to be advertised by Appendix 34B must contain the following information :—

(1) Full particulars of the further Share or Loan Capital in which leave to deal is to be applied for, and in particular :—

(*a*) In the case of Stocks or Shares the rights conferred as regards income, capital and voting. In the case of Debentures, Debenture Stock, or securities, the rights conferred as regards income and capital, and full information as to the amount and application of any sinking fund, any right of the Company to redeem before maturity, any rights of conversion, or other similar rights, and in either case the limits of the authorised issue.

(*b*) The price at which and terms upon which such Share or Loan Capital has been issued or agreed to be issued and whether the same has or has not been paid up in full. If not paid in full, particulars of all payments still to be made with due dates of payment. Where any such Share or Loan Capital has been or is to be issued in whole or in part for a consideration other than cash, full particulars of the consideration received or receivable by the Company for the issue thereof must be given.

(*c*) Particulars of any commissions, discounts, brokerages, or other special terms granted to any parties in connection with the issue or sale of any such Stocks, Shares or Securities.

(*d*) The dates of and parties to all material contracts affecting the issue of such Share or Loan Capital with a description of the nature of the contract.

(*e*) A reasonable time (not being less than seven days) during which and a place in the City of London at which a copy of the Memorandum and Articles of Association of the Company, any Statute or Order having statutory effect affecting the Company, copies of all the contracts and Trust Deed (if any) referred to in the advertisement can be inspected by any member of the public during usual business hours.

(2) Particulars of any of the Share or Loan Capital of the Company which is under option or agreed to be put under option with the price and term of option and consideration for which the same was granted.

(3) Names of the Directors of the Company.

(4) Name, address and professional qualification of the Auditors of the Company.

Note.—Qualification means Chartered Accountant, Incorporated Accountant, &c.

(5) Names of London Brokers.

(6) A statement that further particulars of the Company are contained in *The Stock Exchange Official Intelligence* current at the date of the publication of this advertisement.

(7) Such other information as in the circumstances of any particular case the Committee think it advisable to require.

IV.

In the case of Government and Municipal loans and issues by Statutory Boards, Companies incorporated by special Act of Parliament and other similar Authorities, the statement required to be advertised by Appendix 34B must contain the following information :—

(1) Full particulars of the Share or Loan Capital in which leave to deal is to be applied for and in particular :—

(*a*) The rights conferred as regards income and capital, with full information as to the

amount and application of any sinking fund, any right of the Authority to redeem before maturity, any rights of conversion, or other similar rights and the security upon which any loan is charged.

(*b*) The price at which and the terms upon which any such Share or Loan Capital has been issued or agreed to be issued, and whether the same has or has not been paid up in full. If not paid in full, particulars of all payments still to be made with due dates of payment must be given.

(*c*) The dates of and parties to all material contracts affecting the issue of such Share or Loan Capital with a description of the nature of the contract.

(*d*) A reasonable time (not being less than seven days) during which and a place in the City of London at which a copy of the Statutes, Orders, or other authorities under which the Share or Loan Capital has been created and issued, with copies of all the material contracts, Trust Deed (if any) above referred to and, where any of the above-mentioned documents are not in the English language, notarially certified translations thereof, can be inspected by any member of the public during usual business hours.

(2) Particulars of any of the Share or Loan Capital which is under option or agreed to be put under option with the price and terms of option and consideration for which the same was granted.

(3) Names of Directors (if any) and Auditors (if any), stating qualification.

Note.—Qualification means Chartered Accountant, Incorporated Accountant, &c.

(4) Name and address of Secretary (if any) and situation of Chief Office (if any).

(5) Name of Bankers and London Brokers.

District Society of Incorporated Accountants.

YORKSHIRE.

Syllabus of Lectures, 1930-31.

1930.

Oct. 14th. "Company Law," by Mr. J. H. Bromley, Solicitor, Leeds.

Oct. 28th. "Executorship Law and Accounts," by Mr. W. H. Grainger, F.S.A.A.

Nov. 18th. "The Preparation of a Statement of Affairs in a Creditor's Voluntary Winding-up," by Mr. Geo. R. Lawson, F.S.A.A., B.Com.

Dec. 2nd. "Income Tax," by Mr. Victor Walton, F.C.A.

1931.

Jan. 27th. "Bankruptcy," by Mr. R. C. Davies, Solicitor, Leeds.

Feb. 10th. "Costing, with Particular Reference to the Treatment of Materials," by Mr. H. J. Lunt, F.C.A.

Feb. 24th. "Income Tax (Back Duty Cases)," by Mr. S. A. Spofforth, A.S.A.A.

Mar. 7th. "Sections of the 1929 Companies Act"—Joint Meeting with the Chartered Institute of Secretaries (West Yorkshire Branch).

Mar. 21st. "The Companies Act, 1929," by Mr. O. K. Metcalfe, M.A., LL.B.

All meetings will be held at the Hotel Metropole, King Street, Leeds, at 6.30 p.m.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Scottish Thrift!

The half-yearly meetings of the trustees of the Savings Banks have now been held, and from these we gather that in almost every instance there was an increase in the amount at the credit of depositors, and in the sums invested in Government securities through the Savings Banks. Considering the long continued depression in trade, this is a remarkable state of matters.

The same systematic thrift is seen in the new Savings Associations for the purpose of investing in Savings Certificates, several new associations being formed every month. That this form of systematic saving is not confined to Scotland is shown by the total sales of Savings Certificates in the United Kingdom from March, 1916, to June 28th, which amounted to 971,487,821 Certificates of a cash value of £1,762,800,000. Scottish Savings Workers meet in annual conference at Ayr on October 17th and 18th.

Income Tax Cases—Echoes of the Coal Strike.

Before rising for the Autumn vacation, the First Division of the Court of Session disposed of several Income Tax cases. In the Exchequer case for the Commissioners of Inland Revenue against the Forth Conservancy Board, the latter appealed against assessments made upon it under the Income Tax Act, 1918, Schedule D, Case VI, for the five years from 1921 till 1926. The Board exercises jurisdiction over the part of the river and Firth of Forth between Stirling and an imaginary line drawn across the Forth approximately a mile east of the Forth bridge.

The Board is empowered to levy dues in respect of vessels entering or using that part of the river or firth which is within its jurisdiction and for the use of any landing places, mooring posts, &c., or in respect of any services. It is empowered to set aside £2 10s. per cent. of its revenue as a reserve fund—not to exceed £20,000—for the purpose of meeting any extraordinary demand. All the revenues of the Board must be applied to expenses and maintenance, repair and renewal of the undertaking, and any surplus is to be applied for the purposes of the undertaking as the Board may determine. Since 1921 the sole revenues of the Board have been dues, fixed at one halfpenny per registered ton, levied and collected by the Board.

Assessments for the same years as those under review were made upon the Board under Schedule A, No. III, Rule 3. An appeal against these was sustained by the General Commissioners, and their decision was ultimately approved by the House of Lords. The Board now submitted that its surplus revenues arising in connection with the fulfilment of its statutory obligations were not profits or gains either in the popular sense or within the meaning of Case VI of Schedule D, and appealed against the assessments. The General Purposes Commissioners, sitting at Stirling, sustained the appeal.

Answering the question of law, the Court held that the surplus revenues of the Board were profits or gains within the meaning of Case VI of Schedule D, and assessable to Income Tax under that case.

Judgment was also given in other two Exchequer cases which, raising the same point, had been differently decided by different sets of Commissioners.

In the first case Andrew Frew & Co., Limited, brickmakers, Rawyards, Airdrie, appealed against an assess-

ment of £16,154, less an allowance of £534 for wear and tear of plant and machinery, in respect of profits of the business for the year to April 5th, 1928, the assessment being based on the accounts of the firm of Alexander Frew & Co. for the year ending December 31st, 1926. In March, 1927, the appellants took over the business of Alexander Frew & Co. as a going concern. They stated that the firm, as did other merchants during the period of the coal strike, sold large quantities of dross or gum and other inferior qualities of coal, and also coal brought from abroad, and it was from these sources that practically the whole of the 1926 profit was derived. That business stopped immediately coal produced in the ordinary manner came on the market early in 1927.

The ground of the appeal was that the profits or gains of the appellants' trade had fallen short in 1927 from a specific cause, the specific cause being the abnormal variation in the conditions existing in the coal trade in the year 1927, compared with those existing in the coal trade in the year 1926, which caused the profits of the appellants' business to fall very far short of the profits of Alexander Frew & Co. for the preceding year.

The General Purposes Commissioners, sitting at Lanark, held that the appellants' profits had not fallen short from some specific cause since the succession took place or by reason of the succession, and dismissed the appeal. They, however, allowed a reduction of the assessment appealed against to the figure of £12,884.

In the second case the Commissioners of Inland Revenue were the appellants. Before the Commissioners for the Special Purposes of the Income Tax, sitting in London, A. & G. Anderson, coal exporters and colliery proprietors, 53, Waterloo Street, Glasgow, appealed against an assessment to Income Tax on the estimated sum of £168,000 for the year ending April 5th, 1928. The respondents are an unlimited company incorporated in January, 1927, and acquired, as from April 1st of that year, a business of coal masters and coal merchants which had been carried on for many years by a partnership bearing the same name. The former partners of that firm, with the exception of one who died, are directors of and own all the shares in the company. In 1926 the firm supplemented its diminished native supplies by importing large quantities of foreign coal, which it was able to sell at an exceptionally high rate of profit, with the result that the net profit of the merchanting business was adjusted for Income Tax purposes at £162,043, or about eight times the average amount of such profits for the preceding five years. Their merchanting profits for the year ending March 31st, 1928, amounted to £2,167 only, and they sustained a loss on the working of their collieries.

They submitted that the specific cause of the falling off of the profits was a profound and unprecedented disturbance of the coal trade in consequence of the capture of foreign markets by Poland and Germany. The Special Purposes Commissioners allowed the appeal, and the question for the opinion of the Court of Session was similar in both cases, being whether the change in the circumstances in the year ending March 31st, 1928, as compared with the year ending December 31st, 1926, constituted a specific cause of the falling off of profits within the meaning of the rule applicable.

The Division, the Lord President dissenting, answered the question in the affirmative, against the Commissioners of Inland Revenue.

Changes and Removals.

Messrs. H. B. Brandon & Co., of Scottish Provident Buildings, 7, Donegall Square West, Belfast, have admitted into partnership Mr. Samuel Boyle, Incorporated Accountant.

Messrs. Inglis, Lavery & Crawford, Union Bank Chambers, Queen Street, Brisbane, Australia, announce that since the death of Mr. Hugh Lavery, F.S.A.A., the name of the firm has been changed to Inglis, Lavery & Co.

Mr. Henry Lawrence, Incorporated Accountant, announces that he has taken into partnership Mr. T. H. Jackson, Mr. F. W. Knight, A.S.A.A., and Mr. G. W. H. Glover, A.S.A.A., who have been in his service for many years. The business will in future be carried on under the style of Henry Lawrence & Co. at the same address, Midland Chambers, 5, Gallowtree Gate, Leicester.

Messrs. McAuliffe, Davis & Hope, Chartered Accountants, announce that they have entered into an arrangement under which their London, Continental and South American Offices will represent (as from August 1st, 1930) Messrs. Arthur Andersen & Co., Certified Public Accountants, of New York, Chicago, &c.

Messrs. Middleton & Hawkins, Incorporated Accountants, have removed to 209-211, Abbey House, Victoria Street, Westminster, London, S.W.1. Their Reigate office address remains unchanged.

Mr. Harold Moore, Incorporated Accountant, has commenced public practice at Market Place Chambers, Huddersfield.

Mr. H. W. Pratt, Incorporated Accountant, has removed to Churchway, Silver Street, Wellingborough.

Messrs. Alfred Southern & Co., Incorporated Accountants, have removed to 18, St. Ann Street, Manchester.

Messrs. Woodington, Bubb & Co., Incorporated Accountants, London and Maidenhead, announce that they have taken into partnership Mr. H. Bingham Jones, A.S.A.A. Mr. Jones will be in charge of the Maidenhead practice in place of the late Mr. W. H. Cooper, F.S.A.A.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, *e.g.* (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times* Newspaper; L.J., *Law Journal*; L.J.N., *Law Journal* Newspaper; L.T., *Law Times*; L.T.N., *Law Times* Newspaper; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases* (*Scotland*); S.L.T., *Scottish Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace* (*England*); L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland; P., President of Probate, Divorce and Admiralty.]

COMPANY LAW.

Long Acre Press v. Odham's Press.

Profits Available for Dividend.

Maugham (J.) held that profits available for dividend mean profits so available after making any reserve or

other similar application which is in good faith made in the interests of the company.

(Ch.; (1930) L.J.N., 441.)

Fowler v. Commercial Timber Company.

Contract to Employ Managing Director for Fixed Time.

By a written agreement, the plaintiff was appointed managing director of a company for five years. Before the expiration of the five years a resolution, which was supported by the plaintiff, was duly passed for the voluntary winding-up of the company as by reason of its liabilities it could not continue its business. The plaintiff claimed damages for breach of the agreement to employ him for five years.

It was held that a term could not be implied in the agreement that if the company went into voluntary liquidation with the assent or approval of the plaintiff he should lose all right to recover damages for the breach of the agreement, and that he was entitled to damages for that breach.

(C.A.; (1930) 2 K.B., 1.)

EXECUTORSHIP LAW AND TRUSTS.

In re Tollemache.

Advances Brought into Hotchpot.

Clauson (J.) held that where advances which have to be brought into hotchpot, have been made more than three years before the death on the occurrence of which the fund out of which the advances were made is divisible, so that estate duty is not payable on such advances, the advances should be brought in against the gross fund before deducting the duty so that each beneficiary bears the duty chargeable on what he receives as his share at the death.

(Ch.; (1930) L.J.N., 423.)

Salvensen's Trustees v. Commissioners of Inland Revenue.

Valuation of Shares.

The Court of Session held that in a case where there were restrictions upon the right of transference of the shares of a limited company which prevented their sale in the open market, the value of the shares for purposes of estate duty in terms of the statutes was not the par value but an estimated value based upon an assumed sale in the open market to a hypothetical buyer having regard to the effect of the restrictions against transference upon the price.

(C.S.; (1930) S.L.T., 387.)

INSOLVENCY.

In re Cockell.

Priority of Crown.

A testator who died intestate left all his property to his executor. The estate was insolvent and the executor was one of the creditors of the testator as well as the Commissioners of Inland Revenue, who claimed as preferential creditors for arrears of income tax.

It was held that under the Administration of Estates Act, 1925, an executor's right of retainer may be exercised in priority to the Crown's claim for income tax.

(Ch.; (1930) W.N., 165.)

MISCELLANEOUS.

Stanyforth v. Inland Revenue Commissioners.

Voluntary Disposition.

By a resettlement in 1911 Lord P., the first life-tenant, and H. P., the second life-tenant, of the P. estates, in exercise of a power of revocation and new appointment, made fresh appointments which diminished the interests of C. P., and increased the interests of G. P. The resettlement preserved to the appointers the original power of revocation and new appointment. In valuing the property for the purpose of the stamp duty payable on the resettlement, the Inland Revenue Commissioners disregarded the existence of the overriding power of revocation and new appointment. The Commissioners admitted that if the overriding power was taken into account, the value of the expectant reversionary interests conveyed by the resettlement did not exceed a nominal amount.

The House of Lords in reversing the decision of the Court of Appeal (see *Incorporated Accountants' Journal*, October, 1929, p. 50), held that the overriding power ought to have been regarded in fixing the value, and the amount of the stamp duty must be reduced accordingly.

(H.L.; (1930) 46 T.L.R., 288.)

Elder v. Northcott.

Claim for Interest.

Clauson (J.) held that where a principal debt is barred by the Statute of Limitations the interest on it is barred also.

(Ch.; (1930) L.J.N., 407.)

In re Drabble Bros.

Intent of Debtor's Agent to Prefer.

The Court of Appeal held that where an employee, though not allowed to sign cheques, acts for his principal in relation to the financial side of the business and decides what payments shall from time to time be made, he may be an agent whose intent to prefer creditors can be imputed to the principal.

(C.A.; (1930) W.N., 146.)

REVENUE.

Inland Revenue Commissioners v. Stonehaven Recreation Ground.

Income Tax and Profits from a Trade.

The trustees of a recreation ground were partly elected by the season ticket holders and partly by the Town Council from among its members. The ground was laid out in tennis, bowling and putting greens, open to the public on payment, admission being by season, monthly, fortnightly or daily tickets; the majority of those admitted were daily ticket holders. The revenue of the trustees from the sale of tickets exceeded the expenditure of money.

The Court of Session held that the trustees carried on a trade or business and were not a mutual association for the benefit of a body of subscribers, and accordingly that the profits earned by them were assessable to income tax under Case 1, Schedule D, Income Tax Act, 1918.

(C.S.; (1930) S.C., 206.)

In re Ticehurst's Settlement.

Estate Duty.

The tenant-for-life of a settled fund died and the estate duty was assessed at £193. Part of the fund consisted of Victory Bonds of the face value of £193. The market value was only £176, but the administrator surrendered the bonds to the Inland Revenue, who were bound to accept them as payment of the duty at their face value and did so accept them. The administrator claimed from the settlement trustees the full sum of £193, but the trustees claimed that they were only bound to pay £176, the market value of the bonds.

Farwell (J.) held that the trustees must pay to the administrator the full amount of the duty, viz, £193.

(Ch.; (1930) W.N., 166.)

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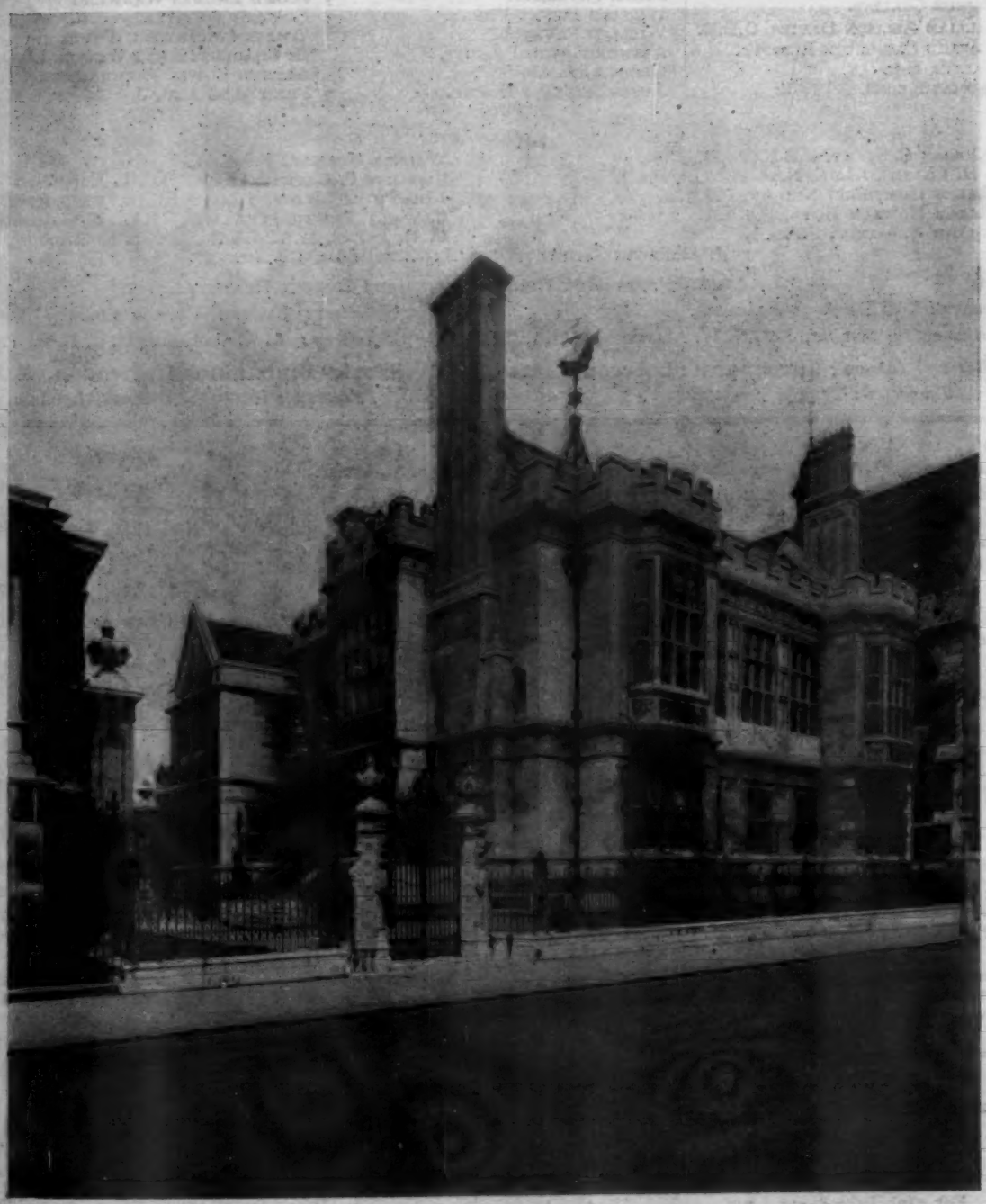

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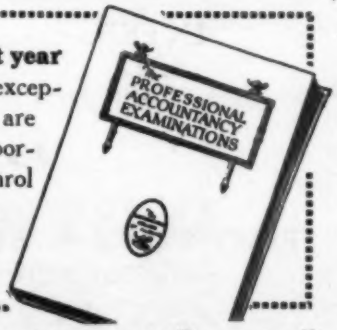

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